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March 4, 1975—Pages 8931-10163

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PART I



HIGHLIGHTS OF THIS ISSUE

This listing does not affect the legal status of any document published in this issue. Detailed table of contents appears inside.

PRESIDENTIAL DOCUMENTS—

- Executive Order, Administration of foreign assistance and related functions, to provide for a Development Coordination Committee..... 8933
- Executive Order extending application period for Clemency Board Review..... 8935
- Proclamation extending application period of the Program for the Return of Vietnam Era Draft Evaders and Military Deserters..... 8931

BICENTENNIAL GRANTS—American Revolution Bicentennial Administration sets guidelines for FY 1975..... 8984

FEDERAL CREDIT UNIONS—NCUA proposes allowing public unit accounts, comments by 4-4-75..... 8967

FOOD STAMPS—USDA/FNS changes coupon denominations to facilitate changemaking; effective 3-1-75..... 8937

MEDICAID—HEW/SRS proposes to ensure resident rights in intermediate care facilities; comments by 4-3-75..... 8956

BILINGUAL VOCATIONAL TRAINING—

- HEW/OE proposal to establish program; comments by 4-3-75..... 8955
- HEW/OE announces closing date of 4-11-75 for receipt of application..... 8981

NATURAL GAS—FPC institutes uniform annual filing of domestic reserves information; effective 4-28-75..... 8940

DEVELOPING NATIONS—State/AID allows Egypt and Syria to be purchase sources for AID financed commodities and services; effective 3-4-75..... 8947

BRAKE STANDARDS—

- DOT/NHTSA establishes criteria for specialized vehicle exemption for air brakes; effective 3-1-75..... 8953
- DOT/NHTSA proposes amendment of definition of "brake hose assembly"; comments by 4-3-75..... 8962

RAILROAD SAFETY—DOT/FRA issues penalty fee schedule for civil violations..... 8952

(Continued inside)

PART II:

- NECESSARY RAIL SERVICE**—U.S. Railroad Association identifies areas and proposes preliminary system improvement plan..... 9321
- Requests for comments by 4-27-75..... 9015

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reminders

NOTE: There were no items published after October 1, 1972, that are eligible for inclusion in the list of Reminders.

List of Public Laws

This is a listing of public bills enacted by Congress and approved by the President, together with the law number, the date of approval, and the U.S. Statute citation. Subsequent lists appear each day in the FEDERAL REGISTER, and copies of the laws may be obtained from the U.S. Government Printing Office.

NOTE: No acts approved by the President were received by the Office of the Federal Register for inclusion in today's LIST OF PUBLIC LAWS.

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MEETINGS—		Interior: National Petroleum Council, 3-17-75.....	8973
DOD: Defense Science Board, 3-19, 3-20, 4-1 and 4-2-75	8970	NPS: Sleeping Bear Dunes National Lakeshore Advisory Committee, 3-21-75.....	8973
Navy: Naval Research Advisory Committee, 4-17 and 4-18-75	8970	National Commission for the Review of Federal and State Laws Relating to Wiretapping and Electronic Surveillance, 3-18, 3-19 and 3-20-75.....	9008
FEA: Consumers Affairs and Special Impact Advisory Committee, 3-20-75.....	8990	National Foundation on the Arts and Humanities: Advisory committee meetings, 3-20 through 4-22-75.....	9008-9010
Retail Dealers Advisory Committee, 3-24-75.....	8990	NRC: Advisory Committee on Reactor Safeguards, 3-19-75.....	9010
HEW/NIH: Committee meetings for March, April, and May	8982, 8983	Pennsylvania Avenue Development Corporation: Owners and Tenants Advisory Board, 3-19-75.....	9014

contents

THE PRESIDENT

Proclamation	
Extending the application period of the program for the return of Vietnam era draft evaders and military deserters	8931

Executive Orders	
Administration of foreign assistance and related functions, to provide for a development coordination committee	8933
Extending the period for Clemency Board review of certain convictions and military service discharges	8935

EXECUTIVE AGENCIES

AGENCY FOR INTERNATIONAL DEVELOPMENT	
Rules	
Commodity transactions financed by AID:	
Geographic code, modification of	8947

AGRICULTURE DEPARTMENT	
See Animal and Plant Health Inspection Service; Farmers Home Administration; Food and Nutrition Service; Soil Conservation Service.	

ALCOHOL, TOBACCO AND FIREARMS BUREAU	
Notices	
Firearms; granting of relief	8970

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION	
Notices	
Project grants; FY 1975 guidelines	8984

ANIMAL AND PLANT HEALTH INSPECTION SERVICE	
Rules	
Quarantine areas:	
Scabies in cattle	8938

ARMY DEPARTMENT	
See Engineers Corps.	

CIVIL AERONAUTICS BOARD	
Notices	
Hearings, etc.:	
Allegheny Airlines, Inc.	8986

CIVIL SERVICE COMMISSION

Rules	
Excepted service:	
Defense Department	8937
Federal Energy Administration	8937
Treasury Department	8937

COAST GUARD	
Proposed Rules	
Drawbridge operations:	
Washington	8958

COMMERCE DEPARTMENT	
See also Foreign-Trade Zones Board.	
Notices	

Committee establishment, renewals, etc.:	
Sulfur Oxide Control Technology, CTAB Panel on	8977
Organization and functions:	
Assistant Secretary for Domestic and International Business	8977
Domestic and International Business Administration	8978
Social and Economic Statistics Administration	8981

CUSTOMS SERVICE	
Proposed Rules	
Ports of entry:	
Lubbock, Texas	8955

DEFENSE DEPARTMENT	
See also Army Department Engineers Corps; Navy Department.	

Notices	
Meetings:	
Defense Science Board Task Force of Accuracy	8970
Science Board Task Force on "Net Technical Assessment" Advisory Committee	8970

EDUCATION OFFICE	
Proposed Rules	
Bilingual vocational training:	
Grant and contract awards	8955

Notices	
Application closing dates:	
Bilingual Vocational Training Conference in certain cities; Bureau of School Systems	8981
	8982

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Notices	
Meetings:	
Geothermal Energy Research and the Geothermal Industry Liaison Group, Interagency Panel for	8988

ENGINEERS CORPS	
Rules	
Navigation regulations:	
Gulf of Mexico and St. Andrew Sound, Florida	8949

ENVIRONMENTAL PROTECTION AGENCY

Notices	
Pesticide registration:	
Applications	8987

FARMERS HOME ADMINISTRATION	
Notices	
Disaster areas:	
Minnesota	8973
Missouri (2 documents)	8974
South Dakota (2 documents)	8974, 8975
Tennessee	8974
Wisconsin (2 documents)	8974, 8975

FEDERAL AVIATION ADMINISTRATION

Rules	
Airworthiness directives:	
Airesearch	8939
Detroit Diesel	8939
Restricted area	8940
Proposed Rules	
Transition area, correction	8958

FEDERAL COMMUNICATIONS COMMISSION

Rules	
Radio services: editorial amendments	8951
Proposed Rules	
Cable television systems:	
Compliance date, postponement of	8967
FM broadcast stations; table of assignments:	
Louisiana	8963
Michigan	8964
West Virginia	8965

Notices	
Common carrier services information; domestic public radio services applications	8989

CONTENTS

Meetings:	
Radio Technical Commission for Aeronautics	8989
FEDERAL ENERGY ADMINISTRATION	
Notices	
Meetings:	
Consumer Affairs and Special Impact Advisory Committee	8990
Retail Dealers Advisory Committee	8990
FEDERAL HIGHWAY ADMINISTRATION	
Rules	
Right-of-way projects:	
Constructional limitations	8947
Notices	
Environmental statements:	
Darien Gap Highway	8983
FEDERAL HOUSING ADMINISTRATION	
Rules	
Structural defects assistance:	
Eligibility assistance	8948
FEDERAL POWER COMMISSION	
Rules	
Information filing:	
Domestic natural gas reserves	8940
Rate schedules (2 documents)	8940, 8946
Notices	
Hearings, etc.:	
Alabama Power Co.	8990
Algonquin Gas Transmission Co.	8990
American Electric Power Service Corp.	8990
Aztec Oil & Gas Co.	8991
Boston Edison Co.	8991
Commercial Pipeline Company, Inc.	8991
Continental Oil Co.	8991
El Paso Alaska Co.	8992
Everman, Robert C.	8992
Feltner, James E.	8994
Fetter, Theodore S.	9003
Granite State Gas Transmission, Inc.	8993
Griffin, James E.	8994
Groome, Peter R.	8998
Holyoke Water Power Co.	8994
Hunt, H. L.	8994
Interstate Power Co.	8994
Kansas City Power & Light (2 documents)	8995
Long Island Lighting Co.	8995
Mid Louisiana Gas Co.	8996
Missouri Power & Light Co.	8996
National Fuel Gas Distribution Corp.	8996
Pacific Gas Transmission Co.	8996
Pacific Power & Light Co. (2 documents)	8997
Public Utility District No. 1 of Douglas County, Wash.	8997
Sierra Pacific Power Co.	8998
Southern Natural Gas Co.	8998
Sullivan, Paul J.	8998
Texas Eastern Transmission Corp.	8999
Texas Gas Transmission Corp.	9003
Union Electric Co.	9004
Western Gas Interstate Co.	9004
Zimmer, William H. Jr.	9004

FEDERAL RAILROAD ADMINISTRATION	
Rules	
Freight car safety standards:	
Civil penalties for violations	8952
Proposed Rules	
Intermodal passenger terminals; filing of applications	8958
Notices	
Petitions for exemptions, etc.:	
Vermont	8983
FEDERAL RESERVE SYSTEM	
Notices	
Applications, etc.:	
Alabama Bancorporation	9004
Clinton Bancshares	9005
Cross Timbers Bancshares, Inc.	9006
Detroitbank Corporation	9006
First City Bancorporation of Texas, Inc.	9005
First National Charter Corp.	9006
Stuarc Oil Company, Inc.	9006
United Michigan Corp.	9007
FISH AND WILDLIFE SERVICE	
Rules	
Fishing:	
Lacreek National Wildlife Refuge, South Dakota	8954
FOOD AND NUTRITION SERVICE	
Rules	
Food stamp program; change-making transactions and credit slips	8937
FOREIGN-TRADE ZONES BOARD	
Notices	
Dorchester County, S.C.	8976
GENERAL ACCOUNTING OFFICE	
Notices	
Regulatory reports review:	
Receipt of reports (2 documents)	9007, 9008
GENERAL SERVICES ADMINISTRATION	
Rules	
Procurement:	
Supplemental provisions and instructions, revised	8949
GEOLOGICAL SURVEY	
Notices	
Geothermal resource areas:	
Bruneau, Idaho	8972
Kilbourne Hole, N. Mex., et al.	8972
Lake City-Suprise Valley, Calif.	8972
Oklahoma-Texas	8973
HEALTH, EDUCATION, AND WELFARE DEPARTMENT	
See Education Office; National Institutes of Health; Social and Rehabilitation Service.	
HOUSING AND URBAN DEVELOPMENT DEPARTMENT	
See Federal Housing Administration.	
INDIAN AFFAIRS BUREAU	
Notices	
Intoxicants; legalizing the introduction, sale or possession:	
Chippewa Tribal Reservation, Minn.	8971

INTERIOR DEPARTMENT	
See also Fish and Wildlife Service; Geological Survey; Indian Affairs Bureau; Land Management Bureau; National Park Service.	
Notices	
Meetings:	
National Petroleum Council	8973
INTERNAL REVENUE SERVICE	
Rules	
Income tax:	
Fines, penalties, illegal kickbacks and other payments, deductibility of; correction	8948
INTERSTATE COMMERCE COMMISSION	
Notices	
Hearing assignments	9014
Motor carriers:	
Irregular route property carriers; gateway elimination	9019
Tacking and gateway elimination applications in finance proceedings	9029
Temporary authority applications (2 documents)	9016, 9029
LABOR DEPARTMENT	
See Occupational Safety and Health Administration.	
LAND MANAGEMENT BUREAU	
Notices	
Applications, etc.:	
New Mexico (3 documents)	8971, 8972
Wyoming	8972
MANAGEMENT AND BUDGET OFFICE	
Notices	
Clearance of reports; list of requests	9014
NATIONAL COMMISSION FOR THE REVIEW OF FEDERAL AND STATE LAWS RELATING TO WIRETAPPING AND ELECTRONIC SURVEILLANCE	
Meeting	9000
NATIONAL CREDIT UNION ADMINISTRATION	
Rules	
Supervisory committee audits; form requirements	8938
Proposed Rules	
Public unit accounts:	
Insurance and payment provisions	8967
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	
Notices	
Meetings:	
Federal Graphics Evaluation Advisory Panel	9008
Museum Advisory Panel	9008
Public Programs Panel (2 documents)	9008
Research Panel (5 documents)	9008, 9010
Special Projects Advisory Panel	9008
Theatre Advisory Panel (2 documents)	9008
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION	
Rules	
Motor vehicle safety standards:	
Air brake systems	8953

CONTENTS

Proposed Rules		NUCLEAR REGULATORY COMMISSION		SOCIAL AND REHABILITATION SERVICE	
Motor vehicle safety standards:		Notices		Proposed Rules	
Brake hose assembly.....	8962	Applications, etc.:		Medical assistance programs:	
NATIONAL INSTITUTES OF HEALTH		Cleveland Electric Illuminating		Residents' rights at intermedi-	
Notices		Co. et al.....	9011	ate care facilities.....	8956
Committee establishment:		Duke Power Co.....	9011	SOIL CONSERVATION SERVICE	
Clinical Trials Committee A and		Louisiana Power & Light Co.....	9012	Notices	
Developmental Therapeutics		Omaha Public Power District.....	9013	Environmental statements on	
Committee A.....	8983	Puget Sound Power & Light Co.....	9012	Watershed Projects, etc.:	
Meetings:		University of Texas.....	9013	Alexander Co., Ill.....	8976
Automation in Medical Labora-		Meetings:		Brush Creek, Calif.....	8975
tory Sciences Review Commit-		Reactor Safeguards Advisory		Little Yadkin River, N.C.....	8976
tee.....	8982	Committee.....	9010	Three Mile Creek, Iowa.....	8976
Blood Diseases and Resources		Regulatory guides; issuance and			
Advisory Committee.....	8982	availability.....	9012	STATE DEPARTMENT	
Clinical Applications and Pre-		OCCUPATIONAL SAFETY AND HEALTH		See Agency for International De-	
vention Advisory Committee.....	8982	ADMINISTRATION		velopment.	
Contraceptive Evaluation Re-		Rules		TRANSPORTATION DEPARTMENT	
search Contract Review Com-		State plans for enforcement of		See Coast Guard; Federal Avia-	
mittee.....	8983	standards:		tion Administration; Federal	
Lipid Metabolism Advisory		Wyoming, approval of stand-		Highway Administration; Fed-	
Committee.....	8983	ards.....	8948	eral Railroad Administration;	
Pulmonary Diseases Advisory		PENNSYLVANIA AVENUE		National Highway Traffic Safety	
Committee.....	8983	DEVELOPMENT CORPORATION		Administration.	
Scientific Counselors Board.....	8982	Notices		TREASURY DEPARTMENT	
NATIONAL PARK SERVICE		Meetings:		See Alcohol, Tobacco, and Fire-	
Notices		Owners and Tenants Advisory		arms Bureau; Customs Service;	
Meetings:		Board.....	9014	Internal Revenue Service.	
Sleeping Bear Dunes National		SECURITIES AND EXCHANGE		UNITED STATES RAILWAY ASSOCIATION	
Lakeshore Advisory Commis-		COMMISSION		Notices	
sion.....	8973	Proposed Rules		Preliminary System Plan; re-	
NAVY DEPARTMENT		Insurance companies and invest-		structuring, rehabilitation and	
Notices		ment bankers; clarification of		modernization.....	9321
Meetings:		distinction.....	8968	Preliminary System Plan; invita-	
Naval Research Advisory Com-		Notices		tion to comment.....	9015
mittee.....	8970	Hearings, etc.:			
		Aurora Equity Fund, Inc.....	9014		
		Equity Funding Corp. of Amer-			
		ica.....	9015		
		Industries International, Inc.....	9015		
		Westgate California Corp.....	9015		
		Zenith Development Corp.....	9015		

list of cfr parts affected

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published in today's issue. A cumulative list of parts affected, covering the current month to date, follows beginning with the second issue of the month. A cumulative guide is published separately at the end of each month. The guide lists the parts and sections affected by documents published since January 1, 1974, and specifies how they are affected.

3 CFR		17 CFR		41 CFR	
PROCLAMATION:		PROPOSED RULES:		5A-2..... 8949	
4356.....	8931	250.....	8968	5A-7.....	8950
EXECUTIVE ORDER:		18 CFR		5A-16.....	8951
11841.....	8933	3.....	8940	45 CFR	
11842.....	8935	35.....	8946	PROPOSED RULES:	
5 CFR		154 (2 documents).....	8946, 8947	103.....	8953
213 (3 documents).....	8937	260.....	8940	249.....	8954
7 CFR		19 CFR		47 CFR	
271.....	8937	PROPOSED RULES:		87.....	8961
272.....	8937	1.....	8955	89.....	8961
9 CFR		22 CFR		91.....	8961
73.....	8938	201.....	8947	93.....	8952
12 CFR		23 CFR		PROPOSED RULES:	
701.....	8938	712.....	8947	73 (3 documents).....	8963-8965
PROPOSED RULES:		24 CFR		76.....	8967
701.....	8967	200.....	8948	49 CFR	
745.....	8967	26 CFR		215.....	8952
14 CFR		1.....	8948	571.....	8953
39 (2 documents).....	8939	29 CFR		PROPOSED RULES:	
73.....	8940	1952.....	8948	256.....	8954
PROPOSED RULES:		33 CFR		571.....	8962
71.....	8958	207.....	8949	50 CFR	
		PROPOSED RULES:		33.....	8954
		117.....	8958		

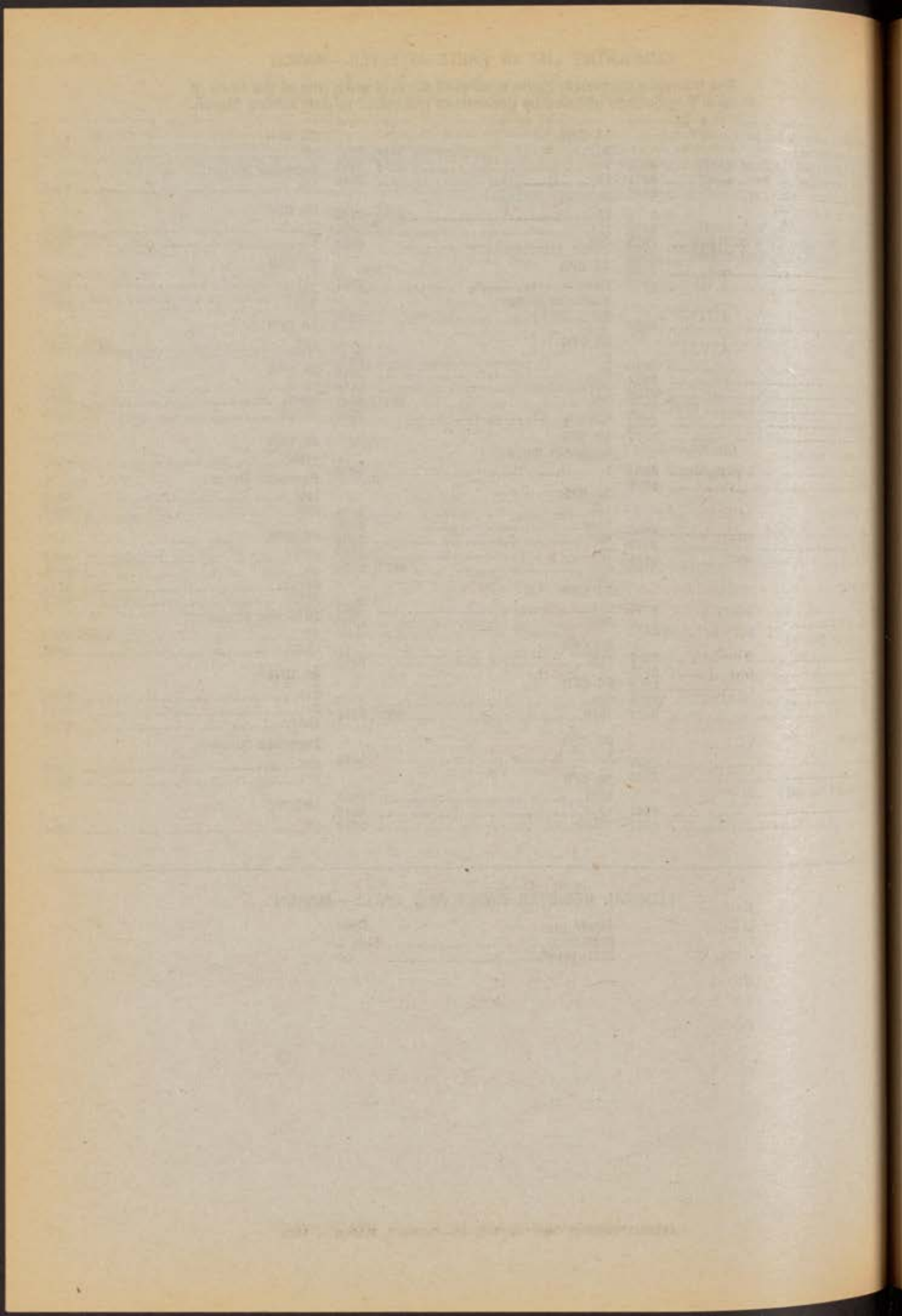
CUMULATIVE LIST OF PARTS AFFECTED—MARCH

The following numerical guide is a list of parts of each title of the Code of Federal Regulations affected by documents published to date during March.

3 CFR		14 CFR		33 CFR	
PROCLAMATIONS:		39-----	8795, 8796, 8937	207-----	8949
4313 (Amended by Proc. 4356)-----	8931	71-----	8796, 8797	PROPOSED RULES:	
4343 (Amended by Proc. 4356)-----	8931	73-----	8940	117-----	8958
4356-----	8931	PROPOSED RULES:			
EXECUTIVE ORDERS:		71-----	8830, 8958	38 CFR	
10973 (Amended by E.O. 11841)-----	8933	121-----	8830	2-----	8819
11803 (Amended by E.O. 11842)-----	8935	137-----	8831	17-----	8819
11837 (Amended by E.O. 11842)-----	8935				
11841-----	8933	17 CFR		39 CFR	
11842-----	8935	200-----	8797	111-----	8820
		PROPOSED RULES:		243-----	8820
5 CFR		250-----	8968		
213-----	8937	18 CFR		40 CFR	
7 CFR		3-----	8940	180-----	8820, 8821
271-----	8937	35-----	8946	41 CFR	
272-----	8937	141-----	8803	5A-2-----	8949
301-----	8763	154-----	8946, 8947	5A-7-----	8950
401-----	8770, 8771	260-----	8940	5A-16-----	8951
408-----	8772	19 CFR			
462-----	8773	PROPOSED RULES:		45 CFR	
PROPOSED RULES:		1-----	8955	1100-----	8821
25-----	8824	21 CFR		PROPOSED RULES:	
25A-----	8824	121-----	8804	103-----	8955
9 CFR		135e-----	8804	249-----	8956
73-----	8938	630-----	8804		
78-----	8773	701-----	8924	47 CFR	
113-----	8774	740-----	8917, 8926	87-----	8951
				89-----	8951
10 CFR		22 CFR		91-----	8951
Ch. I-----	8774	201-----	8947	93-----	8952
Ch. III-----	8794	503-----	8805	PROPOSED RULES:	
PROPOSED RULES:		23 CFR		73-----	8963-8965
2-----	8832	712-----	8947	76-----	8967
21-----	8832	24 CFR			
31-----	8832	200-----	8948	49 CFR	
35-----	8832	1915-----	8807, 8811	215-----	8952
40-----	8832			571-----	8953
		26 CFR		1033-----	8823
12 CFR		1-----	8948	PROPOSED RULES:	
545-----	8795	29 CFR		256-----	8958
701-----	8938	1601-----	8818	571-----	8962
PROPOSED RULES:		1602-----	8819	50 CFR	
701-----	8967	1952-----	8948	33-----	8954
745-----	8967				

FEDERAL REGISTER PAGES AND DATES—MARCH

Pages	Date
8763-8929-----	Mar 3
8931-10163-----	4



presidential documents

Title 3—The President

PROCLAMATION 4356

Amending Proclamation Nos. 4313 and 4345 To Further Extend the Application Period of the Program for the Return of Vietnam Era Draft Evaders and Military Deserters

By the President of the United States of America

A Proclamation

On September 16, 1974, I issued Proclamation No. 4313, announcing a program of earned return for those convicted and accused of violating certain provisions of the Selective Service Act or the Uniform Code of Military Justice during the Vietnam conflict. On January 30, 1975, I amended that Proclamation extending the date by which applications must be received until March 1, 1975.

Based on a further review of the progress of this program, I believe that many of those who have already been punished are only now learning they are eligible. This is confirmed by the large number of applications which continue to be filed with the Presidential Clemency Board. Therefore, I am again extending the date by which all applications must be received.

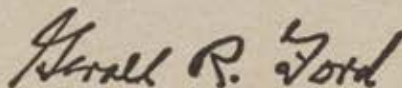
NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, pursuant to my powers under Article II of the Constitution, do hereby proclaim that Proclamation No. 4313 is hereby amended as follows:

SECTION 1. Paragraph (i) of Section 1 is amended to read as follows:

"presents himself to a United States Attorney before March 31, 1975."

SEC. 2. The first paragraph of Section 2 is amended by striking out the date "March 1, 1975," after the words "offenses directly related thereto if before" and inserting in place thereof "March 31, 1975,".

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of February, in the year of our Lord nineteen hundred seventy-five, and of the Independence of the United States of America the one hundred ninety-ninth.



[FR Doc.75-5874 Filed 3-3-75; 9:45 am]

Presidential documents

The President

Executive Order

Executive Order No. 11629, July 14, 1972

Section 1. To amend the Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

to read as follows:

Section 2. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 3. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 4. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 5. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 6. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 7. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

Section 8. The Executive Order

relating to the National Security Agency

and the Central Intelligence Agency

is amended to read as follows:

EXECUTIVE ORDER 11841

Amending Executive Order No. 10973,¹ Relating to Administration of Foreign Assistance and Related Functions, to Provide for a Development Coordination Committee

By virtue of the authority vested in me by the Foreign Assistance Act of 1961, as amended, and section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

Executive Order No. 10973 of November 3, 1961, as amended, is hereby amended by adding at the end of Part III a new section 306, as follows:

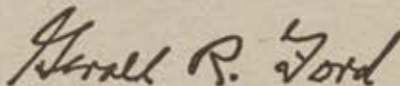
"SEC. 306. *Development Coordination Committee.* (a) In accordance with section 640B of the act, there is hereby established a Development Coordination Committee (hereinafter referred to as the Committee). The Committee shall consist of the Administrator of the Agency for International Development, who shall be Chairman; the Under Secretary of State for Economic Affairs; the Under Secretary of the Treasury for Monetary Affairs; the Under Secretary of Commerce; the Under Secretary of Agriculture; the Under Secretary of Labor; the Special Representative for Trade Negotiations; an Associate Director of the Office of Management and Budget; the Executive Director of the Council on International Economic Policy; a representative of the Assistant to the President for national security affairs; the President of the Export-Import Bank of the United States; and the President of the Overseas Private Investment Corporation.

"(b) Whenever matters within the jurisdiction of the Committee may be of interest to Federal agencies not represented on the Committee under paragraph (a) of this section, the Chairman of the Committee may consult with such agencies and may invite them to designate representatives to participate in meetings and deliberations of the Committee.

"(c) Under the foreign policy guidance of the Secretary of State, the Committee shall advise the President with respect to coordination of United States policies and programs affecting the development of the developing countries, including programs of bilateral and multilateral development assistance.

"(d) All agencies and officers of the Government shall keep the Committee informed in necessary detail as to the policies, programs, and activities referred to in paragraph (c) of this Section.

"(e) Nothing herein shall be deemed to derogate from the responsibilities of the Secretary of State, the Secretary of the Treasury, or from responsibilities vested elsewhere by law or other Executive orders."



THE WHITE HOUSE,
February 28, 1975

[FR Doc.75-5793 Filed 2-28-75; 1:21 pm]

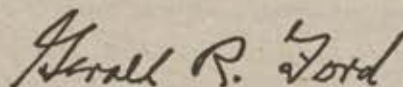
¹ 3 CFR, 1959-1963 Comp., p. 493.

EXECUTIVE ORDER 11842

Amending Executive Order Nos. 11803¹ and 11837² To Further Extend the Period for Application for Clemency Board Review of Certain Convictions and Military Service Discharges

By virtue of the authority vested in me as President of the United States by Section 2 of Article II of the Constitution of the United States, Section 2 of Executive Order No. 11803 of September 16, 1974, is hereby amended as follows:

By striking out the date "March 1, 1975," after the words "apply for Executive clemency prior to" and inserting in place thereof "March 31, 1975,".



THE WHITE HOUSE,

February 28, 1975.

[FR Doc. 75-5873 Filed 3-3-75; 9:45 am]

¹ 39 FR 33297.

² 40 FR 4895.

1891

rules and regulations

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510. The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each month.

Title 5—Administrative Personnel CHAPTER I—CIVIL SERVICE COMMISSION

PART 213—EXCEPTED SERVICE Department of Defense

Section 213.3306 is amended to show that one position of Adjutant General to the Director, D.C. National Guard is excepted under Schedule C.

Effective March 4, 1975, § 213.3306(a) (18) is added as set out below.

§ 213.3306 Department of Defense.

(a) Office of the Secretary. * * *

(18) Adjutant General to the Director, D.C. National Guard.

(5 U.S.C. secs. 3301, 3302; E.O. 10577, 3 CFR 1054-38 Comp. p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,
Executive Assistant
to the Commissioner.

[FR Doc. 75-5723 Filed 3-3-75; 8:45 am]

PART 213—EXCEPTED SERVICE Department of the Treasury

Section 213.3305 is amended to show the following title change from: Confidential Secretary to the Assistant Secretary (Enforcement, Trade and Tariff Affairs, and Operations) to Confidential Secretary to the Assistant Secretary (Enforcement, Operations, and Tariff Affairs). This section is further amended to show a title change from Secretary to the Deputy Assistant Secretary (Enforcement, Trade and Tariff Affairs, and Operations), to Secretary to the Deputy Assistant Secretary (Enforcement, Operations, and Tariff Affairs).

Effective on March 4, 1975, §§ 213.3305 (a) (16) and (a) (38) are amended as set out below.

§ 213.3305 Department of the Treasury.

(a) Office of the Secretary. * * *

(16) One Confidential Secretary to the Assistant Secretary (Enforcement, Operations, and Tariff Affairs).

* * *

(38) One Secretary to the Deputy Assistant Secretary (Enforcement, Operations, and Tariff Affairs).

(5 U.S.C. secs. 3301, 3302; E.O. 10577, 3 CFR 1054-38 Comp. p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

JAMES C. SPRY,
Executive Assistant
to the Commissioner.

[FR Doc. 75-5725 Filed 3-3-75; 8:45 am]

PART 213—EXCEPTED SERVICE

Federal Energy Administration

Section 213.3388 is amended to show that one position of Secretary to the Administrator is no longer excepted under Schedule C and that one position of Staff Assistant to the Administrator is excepted under Schedule C.

Effective on March 4, 1975, § 213.3388 (a) (1) is revoked and § 213.3388 (a) (3) is added as set out below.

§ 213.3388 Federal Energy Administration.

(a) Office of the Administrator.

(1) [Revoked]

* * *

(3) One Staff Assistant to the Administrator.

(5 U.S.C. 3301, 3302; E.O. 10577, 3 CFR 1054-38 Comp. p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,
Executive Assistant
to the Commissioners.

[FR Doc. 75-5724 Filed 3-3-75; 8:45 am]

Title 7—Agriculture

CHAPTER II—FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

[Amendment No. 54]

PART 271—PARTICIPATION OF STATE AGENCIES AND ELIGIBLE HOUSEHOLDS

PART 272—PARTICIPATION OF RETAIL FOOD STORES, WHOLESALE FOOD CONCERNS, MEAL SERVICES, AND BANKS

Food Stamp Program

Pursuant to the authority contained in the Food Stamp Act of 1964, as amended (78 Stat. 703, as amended; U.S.C. 2011-2026), regulations governing the operation of the Food Stamp Program are hereby amended.

As a result of the Department's decision to change food coupon denominations, effective March 1, 1975, coupons will be issued in denominations of one, five and ten dollars. Coupons in 50-cent and two-dollar denominations will no longer be issued.

The purpose of this amendment, therefore, is to authorize retail food stores and meal services to use the 1-dollar denomination in changemaking and raise the limit on credit slips or tokens that a household may receive in change in a coupon transaction from 49 cents to 99 cents.

The amendment also provides for a transition period through June 30, 1975,

during which retail food stores and meal services may continue to accept the 50-cent, 2-dollar and old series 5-dollar denominations issued to the head of the household prior to March 1, 1975.

Although it is the policy of the Department that 30 days' notice be given to proposed rule making, in view of the immediate need to publish this amendment, it has been determined impracticable and contrary to public interest to give notice of proposed rule making with respect to this amendment.

Accordingly, Parts 271 and 272 of Chapter II, Title 7, Code of Federal Regulations are amended as follows:

1. In § 271.9, paragraphs (a) and (d) are amended to read as follows:

§ 271.9 Use or redemption of coupons by eligible households.

(a) The head of the eligible household or his authorized representative shall sign each book of coupons provided to the head of the household or his authorized representative. The coupons may be used only by the head of the household or other persons selected by him to purchase eligible food for the household, except that eligible households residing in certain designated areas of the State of Alaska may purchase with their food coupons hunting and fishing equipment. Coupons may not be used to pay for deposits on bottles or other returnable food containers. Uncancelled and unendorsed coupons of 1-dollar (and through June 30, 1975, 50-cent) denomination returned as change by authorized retail food stores or meal services may be presented as payment for eligible food purchased in or delivered by an authorized retail food store or prepared and served by a meal service. All other coupons which have been detached from the coupon book prior to the time of purchase or delivery of eligible food may be presented as payment for eligible food purchased in or delivered by an authorized retail food store or meal service, only if the coupons are accompanied by the coupon books which bear the same serial numbers as the detached coupons. It is the right of the head of the household or his authorized representative to detach the coupons from the book. Fifty-cent, 2-dollar, and old series 5-dollar denomination coupons, which were issued to the head of the household prior to March 1, 1975, may be used to purchase eligible foods in authorized retail food stores and meal services through June 30, 1975.

(d) When change in an amount of less than 1-dollar is required in a coupon

transaction, it is the right of the head of the household or his authorized representative to exercise the option to receive credit for an equivalent value (not to exceed 99 cents) of eligible food, to trade out in eligible food the difference between the cost of the purchase and the next higher 1-dollar increment, or to pay in cash the difference between the cost of the purchase and the next lower 1-dollar increment.

2. In § 272.2, paragraph (d) and the first four sentences of paragraph (e) are amended to read as follows:

§ 272.2 Participation of retail food stores, and meal services.

(d) No retail food store or meal service authorized to receive coupons shall accept coupons marked "paid," "canceled," or "specimen," coupons marked with the name or authorization number of any other firm, coupons bearing the name of any bank, or coupons of other than 1-dollar (and through June 30, 1975, 50-cent) denomination which have been detached from the coupon books prior to the time of purchase or delivery of eligible food unless the detached coupons are accompanied by the coupon books which bear the same serial numbers that appear on the detached coupons. Retail food stores or meal services may not accept 50-cent, 2-dollar, or old series 5-dollar food coupons after June 30, 1975. It is the right of the head of the household or his selected representative to detach the coupons from the book.

(e) Change in cash shall not be given for coupons. An authorized food retailer or meal service must use for the purpose of making change in an amount of 1-dollar (or 50 cents through June 30, 1975) or more, those uncanceled and unmarked coupons having a denomination of 1-dollar (or 50 cents through June 30, 1975) which were previously accepted in exchange for eligible foods. If change in an amount of less than 1-dollar (or 50 cents through June 30, 1975) is required, the eligible household shall have the option of receiving credit from the authorized firm for future delivery of an equivalent value of eligible foods, or of trading out in eligible food the difference between the cost of the purchase and the next higher 1-dollar (or 50 cent through June 30, 1975) increment, or of paying in cash the difference between the cost of the purchase and the next lower 1-dollar (or 50 cent through June 30, 1975) increment. Credit in excess of 99 cents shall not be returned in coupon transactions.

Effective date: This amendment shall become effective March 1, 1975.

(Catalog of Federal Domestic Assistance Programs, No. 10.551, National Archives Reference Services)

(78 Stat. 703, as amended; U.S.C. 2011-2026)

Dated: February 28, 1975.

JOHN M. DAMGARD,
Deputy Assistant Secretary.

[FR Doc.75-5848 Filed 3-3-75;8:45 am]

Title 9—Animals and Animal Products

CHAPTER I—ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE

SUBCHAPTER C—INTERSTATE TRANSPORTATION OF ANIMALS (INCLUDING POULTRY) AND ANIMAL PRODUCTS

PART 73—SCABIES IN CATTLE

Release of Areas Quarantined

This amendment releases a portion of Cochran County, a portion of Moore County, a portion of Swisher County, and a portion of Childress County in Texas from the areas quarantined because of cattle scabies. Therefore, the restrictions pertaining to the interstate movement of cattle from quarantined areas contained in 9 CFR Part 73, as amended, will not apply to the excluded areas, but the restrictions pertaining to the interstate movement of cattle from nonquarantined areas contained in said Part 73 will apply to the excluded areas.

Accordingly, Part 73, Title 9, Code of Federal Regulations, as amended, restricting the interstate movement of cattle because of scabies is hereby amended as follows:

In § 73.1a, paragraph (a) relating to the State of Texas is amended to read:

§ 73.1a Notice of quarantine.

(a) Notice is hereby given that cattle in certain portions of the State of Texas are affected with scabies, a contagious, infectious, and communicable disease; and, therefore, the following area in such State is hereby quarantined because of said disease:

(1) That portion of Hansford County comprised of sec. 313, Block 2, GH & H Railroad Survey.

(Sec. 4-7, 23 Stat. 32, as amended; secs. 1 and 2, 32 Stat. 791-792, as amended; secs. 1-4, 33 Stat. 1264, 1265, as amended; secs. 3 and 11, 78 Stat. 130, 132; 21 U.S.C. 111-113, 115, 117, 120, 121, 123-126, 134b, 134f; 37 FR 28464, 28477; 38 FR 19141)

Effective date. The foregoing amendment shall become effective on February 27, 1975.

The amendment relieves restrictions no longer deemed necessary to prevent the spread of cattle scabies and should be made effective promptly in order to be of maximum benefit to affected persons. It does not appear that public participation in this rulemaking proceeding would make additional relevant information available to the Department.

Accordingly, under the administrative procedure provisions in 5 U.S.C. 553, it is found upon good cause that notice and other public procedure with respect to the amendment are impracticable and unnecessary, and good cause is found for making the amendment effective less than 30 days after publication in the FEDERAL REGISTER.

Done at Washington, D.C., this 27th day of February, 1975.

PIERRE A. CHALOUX,
Acting Deputy Administrator,
Veterinary Services, Animal
and Plant Health Inspection
Service.

[FR Doc.75-5710 Filed 3-3-75;8:45 am]

Title 12—Banks and Banking

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

CHAPTER VII—NATIONAL CREDIT UNION ADMINISTRATION

Supervisory Committee Audits

On page 44462 of the December 24, 1974, edition of the FEDERAL REGISTER (44 FR 44462) there was published a proposal to amend Part 701 (12 CFR 701) by revising § 701.12. The proposal was necessitated by the recent amendment to section 115 of the Federal Credit Union Act (12 U.S.C. 1761(d)). Interested persons were given until January 15, 1975, to submit written comments, suggestions or objections regarding the proposal. As a result of the comments received, the following change has been made:

Section 701.12(a). The third sentence is amended by adding after the word "audit" and before the word "shall" the language ", which shall be on the form, or its equivalent, set forth in the aforementioned manual."

Accordingly, with the above change the proposed revision to § 701.12 is adopted as set forth below.

(Sec. 120, 73 Stat. 635 (12 U.S.C. 1766) and Sec. 209, 84 Stat. 1014 (12 U.S.C. 1789).)

Effective date, February 24, 1975.

HERMAN NICKERSON, Jr.,
Administrator.

FEBRUARY 25, 1975.

§ 701.12 Supervisory Committee Audits.

(a) The supervisory committee of each Federal credit union shall make or cause to be made an annual audit covering the period elapsed since the last annual audit. The annual audit shall be made in accordance with the requirements and standards set forth in the Supervisory Committee Manual for Federal Credit Unions (NCUA 8023). Upon completion, a report of the audit, which shall be on the form, or its equivalent, set forth in the aforementioned manual, shall be promptly made to the board of directors of the Federal credit union, and, upon request, to the Regional Director. A summary of the report shall be submitted to the members at the next annual meeting.

(b) The supervisory committee shall be responsible for the preparation and maintenance of work papers used to support each audit. As a minimum, each audit report shall be supported by work paper forms prescribed by the Supervisory Committee Manual for Federal Credit Unions, or their equivalent. Such work papers shall be available for review by any employee or employees of the National Credit Union Administration designated by the Administrator.

(c) The supervisory committee shall conduct supplementary audits upon request of the Administrator, and also may conduct additional audits on its own initiative.

[FR Doc.75-5696 Filed 3-3-75;8:45 am]

Title 14—Aeronautics and Space

CHAPTER I—FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

[Airworthiness Docket No. 75-WE-2-AD; Amdt. 39-2116]

PART 39—AIRWORTHINESS DIRECTIVES

Research Model TFE731-2 and -3 Series Engines

There has been a further evaluation of the approved low cycle fatigue (LCF) life limits applicable to the critical elements of the compressor rotor of the Model TFE731-2 series engine which results in reduced life limits. Accordingly, the approved service information which prescribes life limits has been revised to reflect these changes and to include the initial LCF life limits for the critical elements of the compressor and turbine rotors of the Model TFE731-3 series engine. In addition, service life limits have been established for certain other parts of the Model TFE731-2 not previously life-limited. Since these new and reduced life limits apply to engines now in service, an airworthiness directive is being issued to prevent cracking

and possible failure of these parts and to notify all owners and operators of the newly imposed limits.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (31 FR 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

AIRRESEARCH MANUFACTURING COMPANY OF ARIZONA. Applies to Model TFE731-2 and -3 series engines.

Compliance required as indicated.

(a) To prevent cracking and possible failure of following listed Model TFE731-2 fan and compressor rotor discs, the life limits on these parts have been reduced below the figures currently approved. Unless already accomplished, remove rotor discs from service prior to reaching the revised life limit shown below or, before accumulation of an additional 30 cycles in service after the effective date of this airworthiness directive, whichever occurs later.

Component	Part No.	Previous life limit cycles	Revised life limit cycles
For disc	3072162	None	10,000
LP compressor, sig. 1	3072190	25,000	3,000
LP compressor, sig. 2	3072101	None	3,700
LP compressor, sig. 3	3072192	None	1,200
LP compressor, sig. 4 (except per note 1)	3072193	None	1,200
LP compressor, sig. 4 (see Note 1)	3072193	None	425
LP compressor impeller	3070274	None	30,000

Note 1—Applies only to following S/N discs.

4th stg. compressor disc Serial No.	
1-12112-204	2-12112-199
1-12112-223	2-12112-165
1-12112-210	2-12112-164
1-12112-194	2-12112-163
2-12112-189	1-12112-211
2-12112-201	2-12112-182
1-12112-186	3-12112-316
1-12112-236	

(b) The following initial LCF life limits apply to improved LP compressor discs which are eligible for use in the Model TFE731-2 and are basic for all Model TFE731-3 engines:

Component	Part No.	Life limit cycles
LP compressor sig. 1	3072395	10,000
LP compressor sig. 2	3072396	10,000
LP compressor sig. 3	3072397	10,000
LP compressor sig. 4	3072398	10,000

(c) The following initial LCF life limits apply to turbine discs and related components used in the Model TFE-731-3 engines:

Component	Part No.	Life limit cycles
HP turbine disc	3072316	7,000
HP turbine rotor seal plate	3072411	10,000
LP turbine disc, sig. 1	3072545	4,000
LP turbine disc, sig. 2	3072551	1,700
LP turbine disc, sig. 3	3072542	1,700
LP turbine disc, sig. 4	3072544	1,900

Note 2: For purposes of this AD, a cycle is considered as any engine operating sequence involving engine start, at least one acceleration to a thrust level of 80% low pressure rotor speed or above and shutdown.

Note 3: AIRRESEARCH FAA-approved Service Bulletin TFE731-72-3001, Revision 4, dated February 14, 1975, or later FAA-approved revision, summarizes the above information and specifies other components of the Model TFE731-2 and -3 engine for which finite cyclic life limits have not been assigned, but for which cycles accrued in service must be recorded.

(d) Service life limits have been assigned to the following specific parts used in the Model TFE731-2 series engines:

(1) High Pressure Turbine Blades, P/N 3072111 (used in H.P. Turbine Rotor Assembly, P/N 3070098), unless previously accomplished, replace before exceeding 1,000 hours time in service, or before exceeding 200 additional hours time in service after the effective date of this AD, whichever occurs later, and at intervals not to exceed 1,000 hours thereafter.

(2) Model TFE731-2-2B engines Serial Numbers P-74101 through P-74113 and Model TFE731-2-1C engines Serial Numbers P-73106 through P-73184 not modified by incorporation of Power Section Change Number 22: Replace the Pinion Gear Assembly P/N 3071626-1 and Sun Gear P/N 3071598-1 with a serviceable Pinion Gear Assembly P/N 3071626-4 and Sun Gear P/N 3072461-2 before exceeding 500 hours time in service, or before exceeding an additional 50 hours time

in service after the effective date of this AD, whichever occurs later.

(3) Model TFE731-2-2B engines Serial Numbers P-74101 through P-74138 and Model TFE731-2-1C engines Serial Numbers P-73106 through P-73209 not modified by incorporation of Power Section Change Number 41 or 44: Replace the 3rd Stage Stator Assembly, P/N 3070279-7, -8 and -10, with a serviceable 3rd Stage Stator Assembly, P/N 3070279-11 or -13, before exceeding 500 hours time in service, or before exceeding an additional 50 hours time in service after the effective date of this AD, whichever occurs later.

This amendment becomes effective March 7, 1975.

(Sec. 313(a), 601 and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423) and of section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)))

Issued in Los Angeles, California on February 20, 1975.

ROBERT H. STANTON,
Director, FAA Western Region.

[FR Doc. 75-5406 Filed 3-3-75; 8:45 am]

[Docket No. 75-GL-4; Amdt 39-2117]

PART 39—AIRWORTHINESS DIRECTIVES

Detroit Diesel Allison Model 501-D13 Series Engines

Amendment 39-2040 (39 FR 239) Airworthiness Directive 74-26-01, requires inspection of certain serial numbered second stage turbine wheels which had not been spun at 17,300 r.p.m. for five (5) minutes prior to installation in Detroit Diesel Allison Model 501-D13 series engines. After issuing Amendment 39-2040, the Agency determined that there were two additional serial numbered turbine wheels which were not spun at 17,300 r.p.m. for five (5) minutes prior to installation. Therefore, the Airworthiness Directive is being superseded by a new Airworthiness Directive that imposes similar inspection requirements on the two additional serial numbered wheels in Detroit Diesel Allison Model 501-D13 series engines.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than thirty (30) days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (31 FR 13697 and 14 CFR 11.89), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new Airworthiness Directive:

Applies to Detroit Diesel Allison Model 501-D13 series engines which incorporate P/N 6829072 second stage turbine wheels in the following serial number ranges, except for the specific serial numbers listed:

Serial Numbers KK2875 to and including KK4006.

Serial Numbers KK11801 to and including KK20064.

Serial Numbers KP10100 and KP10355.

Excepted Serial Numbers:

KK2876	KK2878	KK2880
KK2877	KK2879	KK2881

KK2882	KK2893	KK3387
KK2883	KK2895	KK3397
KK2884	KK2896	KK3404
KK2885	KK2897	KK3409
KK2886	KK2898	KK3414
KK2887	KK2899	KK3415
KK2888	KK3000	KK3429
KK2889	KK3001	KK3441
KK2890	KK3002	KK3451
KK2891	KK3004	KK3484
KK2892	KK3006	KK3487
KK2893	KK3008	KK3490
KK2894	KK3009	KK3493
KK2895	KK3010	KK3495
KK2896	KK3011	KK3500
KK2897	KK3012	KK3519
KK2898	KK3013	KK3521
KK2899	KK3015	KK3522
KK2900	KK3016	KK3526
KK2901	KK3017	KK3528
KK2903	KK3018	KK3540
KK2904	KK3019	KK3547
KK2905	KK3032	KK3549
KK2906	KK3042	KK3551
KK2907	KK3054	KK3556
KK2908	KK3056	KK3558
KK2909	KK3064	KK3564
KK2910	KK3070	KK3576
KK2911	KK3075	KK3577
KK2912	KK3076	KK3579
KK2913	KK3080	KK3589
KK2914	KK3085	KK3598
KK2915	KK3086	KK3599
KK2916	KK3095	KK3600
KK2917	KK3101	KK3602
KK2918	KK3106	KK3778
KK2919	KK3108	KK3821
KK2920	KK3112	KK3842
KK2921	KK3119	KK3855
KK2922	KK3128	KK3867
KK2923	KK3132	KK3879
KK2924	KK3133	KK3883
KK2925	KK3150	KK3900
KK2926	KK3160	KK3906
KK2927	KK3161	KK3926
KK2928	KK3172	KK3937
KK2929	KK3189	KK3953
KK2930	KK3195	KK3955
KK2931	KK3196	KK3963
KK2932	KK3197	KK11803
KK2933	KK3202	KK14207
KK2934	KK3203	KK14414
KK2935	KK3210	KK14431
KK2936	KK3212	KK14455
KK2937	KK3226	KK15467
KK2939	KK3230	KK15474
KK2940	KK3235	KK15716
KK2941	KK3244	KK15718
KK2943	KK3245	KK15739
KK2944	KK3251	KK15753
KK2945	KK3252	KK15855
KK2947	KK3254	KK16913
KK2948	KK3255	KK16935
KK2949	KK3259	KK16949
KK2951	KK3261	KK16968
KK2953	KK3266	KK16984
KK2954	KK3282	KK18971
KK2955	KK3302	KK18981
KK2956	KK3303	KK19004
KK2957	KK3307	KK19967
KK2958	KK3312	KK19971
KK2959	KK3328	KK19976
KK2961	KK3337	KK19998
KK2964	KK3340	KK20008
KK2968	KK3349	KK20017
KK2970	KK3361	KK20018
KK2971	KK3364	KK20030
KK2972	KK3365	KK20034
KK2973	KK3375	KK20044
KK2974	KK3377	KK20050
KK2990	KK3379	KK20053
KK2991	KK3380	KK20055
KK2992	KK3382	KK20062

NOTE: At time of overhaul, some wheels have R1, R2, R3, R4 or R5 added as a suffix to the wheel serial number. The suffix should be disregarded in determining the applicability of this Airworthiness Directive.

COMPLIANCE REQUIRED AS INDICATED

(a) Within the next 100 cycles, fluorescent penetrant inspect the internal splines in the hub of wheels which have 10,000 cycles or more since new or since last overhaul inspection on the effective date of this Airworthiness Directive.

(b) Within the next 200 cycles or prior to exceeding 10,100 cycles, whichever comes first, fluorescent penetrant inspect the internal splines in the hub of wheels which have from 9500 to 10,000 cycles since new or since last overhaul inspection on the effective date of this Airworthiness Directive.

(c) Within the next 700 cycles or prior to exceeding 9700 cycles, whichever comes first, fluorescent penetrant inspect the internal splines in the hub of wheels which have from 8300 to 9500 cycles since new or since last overhaul inspection on the effective date of this Airworthiness Directive.

(d) Prior to exceeding 9000 cycles, fluorescent penetrant inspect the internal splines in the hub of wheels which have less than 8300 cycles since new on the effective date of this Airworthiness Directive.

(e) Within the next 1000 cycles or prior to exceeding 9000 cycles, whichever comes first, fluorescent penetrant inspect the internal splines in the hub of wheels which have 6000 or 8300 cycles since last overhaul inspection on the effective date of this Airworthiness Directive.

(f) Prior to exceeding 7000 cycles, fluorescent penetrant inspect the internal splines in the hub of wheels which have less than 6000 cycles since last overhaul inspection on the effective date of this Airworthiness Directive.

(g) Wheels which have been inspected in accordance with (a) through (f) above and found to be free of cracks may be returned to service for an additional 7000 cycles, provided no wheels exceed 11,000 hours total time in service.

(h) For the purposes of this Airworthiness Directive, a cycle is defined as one takeoff.

(i) Detroit Diesel Allison Commercial Service Letter 501-D13 CSL-232 pertains to this subject.

This supersedes Amendment 39-2040 (39 FR 239), Airworthiness Directive 74-26-01.

Amendment 39-2040 was effective December 16, 1974.

This amendment is effective March 7, 1975 except for those persons for whom it was effective December 16, 1974 per Amendment 39-2040.

Secs. 313(a), 601, and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423); sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Des Plaines, Illinois on February 21, 1975.

JOHN M. CYROCKI,

Director, Great Lakes Region.

[FR Doc.75-5617 Filed 3-3-75; 8:45 am]

[Airspace Docket No. 75-GL-1]

PART 73—SPECIAL USE AIRSPACE

Alteration of Restricted Area

The purpose of this amendment to Part 73 of the Federal Aviation Regulations is to combine Restricted Area R-5503 and R-5504 into one Restricted Area, R-5503, and to raise the floor from the surface to 4,000 feet MSL.

The Air Force has advised that there is no longer a requirement for low level

operations in Restricted Areas R-5503 and R-5504. They request that the floor of these Restricted Areas be raised to 4,000 feet MSL and the two Restricted Areas be combined into a single Restricted Area. They have indicated a need to use both Restricted Areas in all of their operations. Therefore, retaining two areas for ease in releasing part of the area for other uses would not be practicable. The lateral limits and ceiling remain unchanged. These changes can be effected without detriment to the intended purpose of the Restricted Areas and they will allow a portion of airspace to be returned to public use.

Since this amendment restores airspace to the public use by reducing the size of restricted airspace, it is a minor amendment on which the public would have no particular desire to comment, therefore notice and public procedure thereon are unnecessary. As it likewise reduces a restriction upon the public, it may be excepted from the requirement of publication 30 days prior to its effective date.

In consideration of the foregoing, Part 73 of the Federal Aviation Regulations is amended, effective March 4, 1975, as hereinafter set forth.

Section 73.55 (40 FR 691), is amended as follows:

1. R-5503 WILMINGTON, OHIO

Boundaries: Beginning at Lat. 39°30'00" N., Long. 83°02'00" W.; to Lat. 38°48'00" N., Long. 83°02'00" W.; to Lat. 38°08'00" N., Long. 84°05'00" W.; to Lat. 39°18'49" N., Long. 84°05'00" W.; to Lat. 39°17'00" N., Long. 84°02'30" W.; to Lat. 39°26'00" N., Long. 83°48'10" W.; to Lat. 39°30'00" N., Long. 83°38'35" W.; to point of beginning. Designated altitudes, 4,000 feet MSL to flight level 600.

Time of designation, 0800 to 2200 hours local time, Monday through Saturday.

Controlling agency, Federal Aviation Administration, Indianapolis ARTC Center.

Using agency, Aeronautical Systems Division, Wright-Patterson AFB, Ohio.

2. R-5504 Wilmington, Ohio, is revoked.

(Sec. 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348(a)); sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)))

Issued in Washington, D.C., on February 26, 1975.

F. L. CUNNINGHAM,
Acting Chief, Airspace and
Air Traffic Rules Division.

[FR Doc.75-5618 Filed 3-3-75; 8:45 am]

Title 18—Conservation of Power and Water Resources

CHAPTER I—FEDERAL POWER COMMISSION

[Docket No. RM74-16 Order No. 326]

PART 3—ORGANIZATION; OPERATION; INFORMATION AND REQUESTS; MISCELLANEOUS CHARGES; ETHICAL STANDARDS

PART 260—STATEMENTS AND REPORTS (SCHEDULES)

Uniform Filing of Natural Gas Reserves Information

FEBRUARY 25, 1975.

In this proceeding we adopt procedures and institute an annual filing of uniform

information on proved domestic natural gas reserves. Such information shall be filed by all persons who have been found to be natural gas companies under the Natural Gas Act¹ or who are affiliates (associates) or subsidiaries of natural gas companies as affiliate is defined in 18 CFR 157.40(a)(3) of the Commission's regulations in accordance with the procedures prescribed herein.

On April 15, 1974, the Commission issued a notice of proposed rulemaking in Docket No. RM74-16² pursuant to the Administrative Procedure Act, (APA),³ and sections 8, 10, 14, and 16 of the Natural Gas Act. In this notice the Commission proposed to amend its general rules by adding a section requiring the annual filing of a report of proved domestic gas reserves by each person found by the Commission to be a "natural-gas company" within the meaning of the Natural Gas Act. To be included among reporting companies were affiliates (associates) or subsidiaries of natural gas companies which are subject to the jurisdiction of this Commission. It was proposed that the data be collected through completion of a standardized report form, FPC Form No. 40, which was appended to the April 15, 1974, notice of proposed rulemaking as Attachment A.

In their comments filed pursuant to the notice of proposed rulemaking, respondents requested the convening of a Staff Conference. Pursuant to those requests Commission Staff on July 23, 1974, issued a notice of public meeting announcing a Staff Conference to be convened on August 14, 15, and 16, 1974, at the Commission's offices.⁴ A notice revising the notice of public meeting was issued on August 6, 1974,⁵ which announced that this public meeting would be of record and provided an opportunity for the presentation of general position papers for use at this meeting.

As proposed in the notice of rulemaking, FPC Form No. 40 contained Schedules A, B, B-1, and C. Each of these schedules was to be completed annually and filed with this Commission. As adopted Schedule A will summarize the contract volume commitment status of company-owned domestic reserves, both interstate and intrastate, will summarize commitment status by type of occurrence (associated, non-associated-dissolved), will summarize the status of shut-in volumes, will summarize changes in proved reserve by type of gas occurrence and will report successful gas well drilling footage. Supporting Schedules B and C of proved reserves, will inter alia, show reserves by field and reservoir, and will indicate annual changes in proved reserves by company for each state or production

area. Schedule A shall be made available to the public as provided in the notice of rulemaking. In accordance with the noted procedure employed herein Schedules B and C are to be given confidential status.

Some changes in the form and procedures originally proposed were recommended by the Staff and are incorporated in the final order adopted herein. (See Appendix A⁶) The Commission also adopts and provides for abbreviated reporting requirements for companies with estimated proved recoverable dry gas reserves of 10 Bcf or less at 14.73 psia and 60° Fahrenheit. Such companies will file Schedules A, C, and D of FPC Form No. 40 but will not be required to file Schedule B which is entitled "Proved Domestic Natural Gas Reserves By Natural Gas Company—Field And Reservoir". Because of the small portion of total natural gas reserves held by such small firms, the exclusion of these data on a reservoir basis should not appreciably affect the reliability or analysis of the reserves data submitted. In addition, a company submitting the abbreviated FPC Form No. 40 is subject to audit procedures of the Commission as are all other parties submitting the required proved reserve data.

This Commission has carefully considered the contentions of the seventy-seven parties who filed comments⁷ and those parties and others attending a public conference on the issues raised by this proceeding which commenced August 14, 1974.⁸ We have reached our decision based upon a measuring of the need to know the nation's proved natural gas reserve inventory on one hand, against a full knowledge of the reporting burden required of the industry. After balancing these factors on the fulcrum of this Commission's statutory directives, we conclude that the comprehensive proved natural gas reserves information we seek should be provided in the manner herein prescribed.⁹

The comments filed pursuant to the notice of rulemaking issued April 15, 1974, and raised by participants at the August 1974 meetings center around five clusters of contentions. The objectives are summarized as follows:

(1) A precise definition of a natural gas company as that term demarcates the jurisdictional boundaries of the Commission is not readily determined on its face for affiliate, associate, or subsidiary of a "natural-gas company" that may be required to file FPC Form No. 40.

(2) Several respondents urge that the submission of such data is not reasonably related to the Commission's statutory powers to regulate sales of natural gas for resale in interstate commerce and

that without such a demonstration the Commission cannot require the preparation and submission of the proposed FPC Form No. 40. It is argued that such a demonstration has not been made thus far.

(3) The respondents contend that the preparation of the proposed form will require considerable expense and is an excessive burden on the industry without regard to a proper weighing of interest by the Commission.

(4) The Commission is without statutory authority to directly or indirectly require production of information concerning intrastate reserves and uncommitted reserves which, if collected, allegedly would result in discrimination as to interstate producers who are at a competitive disadvantage as against non-jurisdictional producers who are not subject to this proceeding's disclosure requirements.

(5) It is averred that disclosure of reserves information submitted on a reservoir by reservoir basis damages proprietary interest and is confiscatory without protection of due process of law.

The compilation of information on natural gas reserves held by natural gas companies (or by their affiliates and/or subsidiaries) is a necessary exercise of the Commission's powers under section 14(a) of the Act to gather data required for the performance of the Commission's duties under sections 4, 5, and 7 of the Act and to enable the Commission to establish a sufficiently comprehensive and reliable data base pertaining to natural gas reserves for the purpose of recommending any further legislation to the Congress which the Commission may deem necessary. Furthermore the data collected will provide comprehensive information on the status of reserves held by natural gas companies or on their behalf.

The reporting procedure instituted herein is found to be necessary and appropriate for the proper fulfillment of the Commission's plenary responsibilities specifically set forth in sections 4,¹⁰ 5,¹¹ and 7¹² of the Natural Gas Act. The data collection system will provide heretofore unavailable comprehensive information generated annually and reported on a uniform basis to an independent government agency. In a period of natural gas shortage, which has long since been recognized by this Commission,¹³ it is imperative that independently gathered

¹Section 2(6); 52 Stat. 822 (1938); 15 U.S.C. 717b(6) (1970).

²39 FR 14233 (1974).

³50 Stat. 237, 918, 922 (1946); 61 Stat. 37, 201 (1947); 62 Stat. 99 (1948); 80 Stat. 250 (1966); 5 U.S.C. 551, et seq. (1970).

⁴39 FR 27608 (1974).

⁵39 FR 28563 (1974).

⁶Appendix A filed as part of the original document.

⁷See Appendix B, filed as part of the original document, for a listing of respondents.

⁸See Appendix C, filed as part of the original document, for a listing of participants at the public conference.

⁹F.C.C. v. Schreiber, 381 U.S. 279 (1964).

¹⁰52 Stat. 822 (1938); 76 Stat. 72 (1962); 15 U.S.C. 717c (1970).

¹¹52 Stat. 823 (1938); 15 U.S.C. 717d (1970).

¹²52 Stat. 825 (1938); as amended, 56 Stat. 83 (1962); 15 U.S.C. 717f (1970).

¹³The natural gas shortage has for some time also been recognized by courts of the land. "E.g., F.P.C. v. Louisiana Power & Light Co.", 406 U.S. 621 (1972); "Placid Oil Company v. F.P.C.", 483 F.2d 880 (5th Cir. 1973), affirmed sub nom., "Mobil Oil Corporation v. F.P.C.", 42 U.S.L.W. 4842 (U.S. June 10, 1964); "Shell Oil Company v. F.P.C.", 484 F.2d 469 (5th Cir. 1973), cert. denied sub nom., "Mobil Oil Corp. v. F.P.C.", Nos. 73-438 (June 17, 1974).

proved domestic natural gas reserves data be available on a continuing basis in order that the basic statutory standards prescribed by sections 4, 5, and 7 be implemented.

Natural gas provides approximately one-third of the nation's energy and is a vitally important national source of energy. Curtailments last winter of natural gas deliveries adversely affected the nation's economic stability and welfare. The prospect of continuing unavailability of natural gas as well as substitute alternate energy sources requires that this Commission take every prudent step to remain abreast of increasingly fast-paced changes in the natural gas industry as well as to adequately anticipate future developments and provide for longer-range government planning in this vital energy sector. It is this Commission's duty to assure a dependable long-run supply of natural gas to the consumer. Equally as vital is the establishment of a price for natural gas sufficient to ensure the commitment of needed supplies to the interstate market.¹⁴ Just how dependable is the source of natural gas and in what quantities gas shall be forthcoming and in what time frame are questions that can be answered in part through a survey of proved domestic gas reserve supply information in the manner we adopt herein.

Collection of intrastate and interstate reserve data on the basis adopted herein will aid the Commission in evaluating whether the establishment of higher rates to encourage greater exploration and development of domestic gas reserves is resulting in additional gas dedications to the interstate market or whether the gas is escaping to the intrastate market or whether alternative alternate investments not related to natural gas are more attractive. Acquisition by the Commission of intrastate and interstate gas supply data is necessary to provide a panorama of the entire gas reserve picture and to make available on a continuing basis independent and comprehensive information on our nation's existing natural gas supply. The gas reserve supply information gathered from FPC Form No. 40 will immeasurably aid the Commission in its ratemaking activities and in fulfilling its regulatory responsibilities.

There has been a steady decline in reserve additions, and, in turn, productivity in recent years. "Productivity in terms of Mcf per foot drilled has the most significant impact in calculating new gas costs"¹⁵ and a critical impact upon the whole of the rate structure. "Productivity determines the allowance for successful well costs, which in turn affects the allowance for lease acquisition costs and

the allowance for production facilities; productivity also determines the allowance for dry hole costs, which affects the allowance for exploration overhead expense; and so on, virtually ad infinitum."¹⁶ An erroneous productivity prediction will compromise the integrity of the entire rate structure. The data-gathering effort such as the one hereby launched will give to the Commission information against which it can measure the accuracy and methodology by which published data is derived, and can determine whether trends demonstrated thereby are reflected in the Commission's own data. In addition, it can move the Commission toward having the option of calculating productivity, as well as costs, on the basis of the activity of jurisdictional companies only at some time in the future.

To attain an accurate and reliable estimate of proved gas reserves the effect of positive and negative revisions must be taken into account and any possible disparity between reserves actually discovered and those reported must be eliminated. FPC Form No. 40 as hereby proposed and more specifically Schedule C, columns J and K, will enable us to more accurately determine positive and negative revisions to proved gas reserve volumes. The provisions in Schedule B requiring reporting of shut-in reserves and the reasons therefor and those in Schedule C providing for the reporting of extensions of existing fields, new field discoveries, and new reservoir discoveries in old fields should insure far more accurate and timely information than is presently available.

Of equal importance with a reliable estimate of proved gas reserves is the timely availability of successful gas well drilling footage data so necessary for use in achieving our clearly identifiable need to determine productivity. To accomplish this purpose Schedule A has been amended to require the reporting of successful gas well drilling footage attributable to non-associated gas reserves additions.

Although the required reporting of drilling footage represents a change in Schedule A and to that extent a deviation from the notice of proposed rulemaking, it fulfills a specific ratemaking need and regulatory purpose which in our judgment outweigh the corresponding administrative reporting burden. However, as provided in the Ordering Paragraph (E) herein any respondent may file comments, views or suggestions on the drilling footage reporting requirement of Schedule A for our consideration prior to the effective date of this order.

In Schedule A we have requested basic information in order to determine productivity of gas wells which may be utilized in conjunction with other relevant data and factors to determine rates, to assess the accuracy and reliability of various data sources and to assess new gas costs. Specifically Schedule A will

provide verifiable annual data on non-associated reserves additions and gas well drilling footage attributable to the development of those reserves for the purpose of establishing a fair and reasonable national rate for natural gas sold in interstate commerce. Knowing the level of natural gas inventories is essential in order to determine whether the response of natural gas producers to governmental policies and programs¹⁷ is eliciting a natural gas supply to meet consumer needs.

Schedule A data will also provide a means of evaluating the veracity of reported gas reserves which in turn has a corresponding and direct relationship to rates. Securing of information directly from companies under oath and subject to audit by the Commission¹⁸ will establish a more reliable and credible basis for the prospective ratemaking. Additionally, the gas reserves additions reported in Schedules A and C, provide the first systematic and independent basis for comparison with industry estimates of reserves as reported by the American Gas Association (AGA).¹⁹

We recognize that the data necessary to determine productivity as elicited by Schedule A will not be the entire universe of data which could be supplied because pursuant to the notice of rulemaking we are only soliciting data from natural gas companies subject to our substantive ratemaking jurisdiction and their affiliates (associates) or subsidiaries. Furthermore cost data such as unsuccessful well costs, lease acquisition costs and operating costs are not solicited by FPC Form No. 40.

However, information to be obtained by Schedule A may be utilized in the ratemaking process as follows. The information secured subject to audit could be employed as an additional test of the veracity of reserves reported by the AGA for that year and will provide the first independent governmental check of productivity as estimated from data currently reported by AGA and the American Association of Petroleum Geologists (AAPG).

FPC Form No. 40 will be a systematic collection of data on an annual basis on a series of data over a period of years can be developed to provide a more precise data base to prescribe rates. In the biennial review we have recognized the advisability of utilizing trended costs.²⁰

¹⁴ "Public Service Commission of New York v. F.P.C.," 320 U.S. 591 (1944). (D.C. Cir. Nos. 74-1338 and 74-1301, decided January 14, 1975). slip opinion at 17-20.

¹⁵ 52 Stat. 825 (1938); 15 U.S.C. 717g.

¹⁶ The comprehensive reserves reporting required by our order will complement the independent Staff review of proved reserves in comparison to AGA's reported proved reserves in the revised Staff report entitled "National Gas Reserves Study," September 1973.

¹⁷ Just and reasonable national rates for sale of natural gas from wells commenced on or after January 1, 1973, and new dedications of natural gas to interstate commerce on or after January 1, 1973. Docket No. R-389-B, Opinion No. 699-H at 19-22. — FPC — (December 4, 1974).

¹⁸ — FPC —, Opinion No. 699, (Commissioner Moody, dissenting), (mimeo at 9).

¹⁴ "F.P.C. v. Hope Natural Gas Company," 320 U.S. 591 (1944).

¹⁵ Just and reasonable national rates for sales of natural gas from wells commenced on or after January 1, 1973, and new dedications of natural gas to interstate commerce on or after January 1, 1973. Docket No. R-389-B, Opinion No. 699 at 45. — FPC —, (June 21, 1974).

Thus, the development of this data base will aid the Commission's forecast of prospective rates consistent with the trending cost process. In addition, the collection of data on a company basis as prescribed in Schedule A will permit us to compare the productivity of large and small producers and assess this one important factor of ratemaking as it applies to each.

The Commission has conducted various uncommitted reserves investigations. The annual reporting of uncommitted reserves in FPC Form No. 40 will provide a basis for the Commission to evaluate the uncommitted gas reserves potentially available to meet the demands of the interstate market.

Congress has delegated to the Commission sweeping and pervasive responsibilities to regulate natural gas in interstate commerce from the wellhead to the burner tip. This Commission has the sole responsibility to regulate the price of natural gas in interstate commerce and to secure an adequate supply of this energy source for the nation's consumers. Informed decision-making demands that natural gas reserves data and other information be available to this Commission on a timely, comprehensive basis. The acid test of the appropriateness and accuracy of our policies is a history of change in the nation's proved natural gas reserves status. We provide today for a means whereby our policies may be evaluated. The rule adopted here is "consonant with the broad responsibilities given to the Commission by Congress; it must be free, within the limitations imposed by pertinent constitutional and statutory commands, to devise methods of regulation capable of equitably reconciling diverse and conflicting interests." *Permian Basin Area Rate Cases*, 396 U.S. 747, 767 (1968), cited in *Mobil Oil Corp. v. F.P.C.*, 42 U.S.L.W. 4842 (June 10, 1974) (slip opinion at 20).

The contention is made that the Commission has not given adequate consideration to the burden and expense involved in preparation of the required report and the burden resulting from reporting similar information to other agencies. There is little doubt that the information required to be submitted on FPC Form No. 40 is possessed by the respondents. The Internal Revenue Code regulations relating to depletion require the submission of detailed data to the Treasury Department and the ready availability of supporting data. Among other information that must be submitted is the following:

- (2) * * * (i) An adequate map * * *
- (iii) The date of acquisition * * * (v) The date as of which the mineral property and improvements are valued * * * (viii) The estimated number of units of each kind of mineral at the end of the taxable year, and also at the date of acquisition * * * to-

gether with an explanation of the method used in the estimation * * * (xiii) The fraction of gross production * * * from the deposit or deposits to which the taxpayer and other persons are entitled together with the names and addresses of such other persons * * *

(3) In the case of oil and gas properties, the following information is [also] required * * * (i) The number of acres of producing oil and gas land * * * (vi) The number of pay sands and average thickness of each pay sand or zone; (vii) The average depth to the top of each of the different pay sands; (viii) The annual production of the deposit or of the individual wells, if the latter information is available, from the beginning of its productivity to the end of the taxable year, the average number of wells producing during each year, and the initial daily production of each well * * * (ix) All available data regarding change in operating conditions, such as unit operation, proration, flooding, use of air-gas lift, vacuum, shooting, and similar information, which have a direct effect on the production of the deposit; and (x) Available geological information having a probable bearing on the oil and gas content; information with respect to edge water, water drive, bottom hold pressures, oil-gas ratio, porosity of reservoir rock, percentage of recovery, expected date of cessation of natural flow, decline in estimated potential, and characteristics similar to characteristics of other known fields.

Thus, it is readily apparent that the basic data required to complete Form No. 40 is available. There may, of course, be some administrative burden in compiling that data, but no party to this proceeding has alleged that the burden will be an "undue" burden. As to the alleged burden, we would simply note that it is the function of the General Accounting Office (GAO) to weigh the reporting burden against the public need for the requested data.¹⁸

Nor does the fact that the Federal Energy Administration (FEA) and the Federal Trade Commission (FTC) have also proposed to gather somewhat similar natural gas reserves data in any way reduce this Commission's need for the data to be gathered via FPC Form No. 40. It has not been shown and it cannot be shown that such data will be useful to this Commission nor that such data will ever be available to us. Information collected by an agency for one regulatory purpose under one statute on a confidential basis could not in fairness to the parties submitting such data be disclosed to the public or other agencies without some hearing with respect to the disclosure of such data and findings that public disclosure overrides private needs for nondisclosure of proprietary data.¹⁹

Furthermore the submission of company held reserves information without the submission of individual reservoir data on a confidential basis would detract from the reliability of the submissions and would materially impair the Staff's ability to efficiently audit the underlying basis for the company wide estimates without a painstaking investigation of company records. The retention

by the company of the basic reservoir data underlying the company's overall estimate of reserves held is an unsatisfactory alternative to the filing of such data with the Commission in the first instance.

It is argued that this Commission has not been granted statutory authority to conduct this investigation. For over ten years we have collected information from jurisdictional natural gas pipeline companies on a reservoir basis where natural gas is dedicated to interstate commerce. Producers are natural gas companies under the Natural Gas Act and subject to regulation as are pipelines.

At the August Staff conference held at the request of the respondents, an industry representative estimated that via FPC Form No. 15 approximately seventy percent of the nation's proved gas reserves were reported to the Commission. In 1973 on FPC Form No. 15 ninety-three natural gas companies reported reserves to the FPC on a reservoir-by-reservoir basis. Some 134 Tcf of natural gas, purchased, owned, and reported on a reservoir-by-reservoir basis were shown as dedicated to the interstate market. It is estimated by our Staff that this represents 61.5 percent of the nation's natural gas reserves in the lower 48 states. Of the ninety-three reporting companies, sixty-three reported reserves in the ground, purchased and owned. Of these sixty-three companies, twenty-six owned 13.2 Tcf of natural gas in their own company name. This represents about six percent of the nation's total estimated reserves. Prior compliance with FPC Form No. 15 filings indicates that the issue of lack of jurisdiction is moot with respect to jurisdictional reserves.²⁰

Despite prior decisions to the contrary,²¹ recent cases have distinguished the gathering of information by a regulatory agency in order to fulfill its regulatory purposes from regulation itself. Historically, private corporations have been subject to broad visitatorial power.²² It has long been settled that Congress may exercise wide investigative power over corporations when their activities take place within or affect interstate commerce.²³ This power of Congress, which is analogous to the visitatorial power of the incorporating state,²⁴ has

¹⁸ 18 CFR 260.7, Order prescribing annual report form No. 15 and statement of policy with respect thereto, Order No. 279, 31 FPC 750, (1964), as amended by Order No. 337, 37 FPC 326 (1967), as amended by Order No. 399, 43 FPC 563 (1970), as amended by Order No. 476, 49 FPC 602 (1973).

¹⁹ *F.T.C. v. Smith*, 34 F.2d 323 (S.D.N.Y. 1929); *F.T.C. v. Claire Finance Co.*, 285 F. 936 (D.C. Cir. 1923); *rev'd on other grounds*, 274 U.S. 160 (1927); *F.T.C. v. P. Lorillard Co.*, 283 F. 999 (S.D.N.Y. 1922); *aff'd on grounds*, 264 U.S. 298 (1924).

²⁰ *Okla. Press Pub. Co. v. Walling*, 327 U.S. 186, 204 (1946).

²¹ *U.S. v. New York Central R. Co.*, 272 U.S. 457 (1926); *U.S. v. Louisville & N.R. Co.*, 236 U.S. 318 (1915); *I.C.C. v. Baird*, 194 U.S. 25 (1904); *I.C.C. v. Brimhall*, 154 U.S. 447 (1894).

²² *Wilson v. U.S.*, 221 U.S. 361, 382 (1911); *Hale v. Henkel*, 201 U.S. 43 (1906).

¹⁹ *Reliability Of Electric And Gas Service*, Docket No. R-405, 44 FPC 1347 (1970) Carver and Brooke, Commissioners, dissenting; *Order Updating Nationwide Investigation*, September 12, 1972; 50 FPC 319 (1973).

²⁰ Treasury Reg. 26 CFR 1.611-2(g) (1980).

¹⁸ 87 Stat. 593, 44 U.S.C.A. 3512 (1974).

¹⁹ See *Amerasia Hess Corporation, et al.*, 50 FPC 1048, 1055-1060 (1973) (Moody and Brooke, Commissioners, dissenting).

been upheld with particular regard to the collection of general or statistical information."

The Congress has authorized this agency in the first instance to conduct broad and sweeping investigations of the natural gas industry and has specifically provided for the Commission to determine "the adequacy or inadequacy of the gas reserves held or controlled by any natural gas company, or by anyone on its behalf, including its owned or leased properties or royalty contracts. . . . But this authority as broad as it is, is supplementary in nature to the general investigatory powers set forth in section 14(a):

The Commission may investigate any facts, conditions, practices, or matters which it may find necessary or proper in order to determine whether any person has violated or is about to violate any provision of this act or any rule, regulation, or order thereunder, or to aid in the enforcement of the provisions of this act or in prescribing rules or regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation to the Congress. . . .

This is a power "inquisitorial in nature . . . designed to aid the Commission in exercising its powers and to serve as a basis for recommending further legislation to the Congress." It would be most unusual for Congress to delegate the power to investigate to the Commission and then to limit that power only to matters over which the Commission had substantive rate or certificate jurisdiction.

Indeed, the language of section 14(a), which does not use the term "natural-gas company" clearly implies that the section is not limited to investigations of matters over which the Commission has substantive jurisdiction pursuant to sections 4, 5, and 7 of the Act. The statutory investigatory powers of other federal regulatory agencies which are comparable in scope to Section 14 have been held to "confer upon the Commission powers of investigation in very broad language." Furthermore, reports by natural-gas companies may be required by the Commission pursuant to sections 8 and 10 of the Act and comparable accounting and reporting powers of the Interstate Commerce Act have been interpreted to give the Commission the right to gather information necessary to permit it to perform its congressionally mandated directives and policy making reports to Congress which " . . . might require a knowledge of the business . . . beyond that which is strictly of the character mentioned [in the statute]."

"Okla. Press Pub. Co. v. Walling", 327 U.S. 186, 209 (1946); "Smith v. I.C.C.", 245 U.S. 33 (1917); cf. "I.C.C. v. Goodrich Transit Co.", 224 U.S. 194 (1912); "Baltimore & Ohio R. Co. v. I.C.C.", 221 U.S. 612 (1911); "Narri-man v. I.C.C.", 211 U.S. 407, 419 (1908).

"Section 14(b)."

"F.P.C. v. Panhandle Eastern Pipe Line Co.", 337 U.S. 498, 505 (1949).

"Smith v. I.C.C.", 245 U.S. 33, 42 (1917).

"Section 20; 24 Stat. 386 (1906); 49 U.S.C.A. 20 (1951).

"I.C.C. v. Goodrich Transit Company," 224 U.S. 194, 211 (1912).

There is no doubt that the proposed information will be of aid to the Commission in carrying out its obligation to assure "just and reasonable rates to the consumers of natural gas" for it the Act was so framed as to afford consumers a complete, permanent and effective bond of protection from excessive rates and charges." Presently in prescribing rates for producer sales of natural gas such as the recently enacted rate, the Commission must rely upon published data from trade and professional organizations.

While the Commission's reliance upon this data to establish just and reasonable rates has been affirmed by the Supreme Court of the United States, this data base should be augmented and reviewed with an independent evaluation by the Commission of reserves data compiled from the mandatory reports of regulated natural gas companies subject to audit by the Commission. Even though it may be necessary to continue to rely upon the data sources now utilized in determining national rates in the first biennial proceeding, prompt development of an independent data collection system by this Commission will provide a more accurate and reliable data base which will better serve the broad regulatory responsibilities delegated to the Commission.

This Commission not only has the power but the duty to investigate that which it admittedly does not have the power to regulate in order to evaluate the consequences of our policy determinations. In the "Endicott Johnson Corp. v. Perkins," benchmark decision involving the issue of the extent of investigative powers, the Supreme Court announced a very limited standard prohibiting the collection of information. Only that information which was "plainly incompetent or irrelevant to any lawful purpose" as those purposes were specified in the enabling legislation is beyond the scope of the agency's jurisdiction.

The Natural Gas Act historically has been given liberal interpretations by the

"Atlantic Refining Co. v. Public Service Commission of New York," 360 U.S. 378, 388 (1959); see "Phillips Petroleum Co. v. Wisconsin," 347 U.S. 672, 685 (1954); "F.P.C. v. Hope Natural Gas Co.," 320 U.S. 581 (1944).

"Just and reasonable national rates for sales of natural gas from wells commenced on or after January 1, 1973, and new dedications of natural gas to interstate commerce on or after January 1, 1973, Docket No. R-389-B, Opinion No. 699 at 45-59, FPC (June 21, 1974), Opinion No. 699-H at 19-27, FPC (December 4, 1974).

"Permian Basin Area Rate Cases, 390 U.S. 747 (1968); Mobil Oil Corp. v. F.P.C., U.S. (June 10, 1974).

"National rates for jurisdictional sales of natural gas dedicated to interstate commerce on or after January 1, 1973, for the period January 1, 1975, to December 31, 1976, Docket No. RM75-14, FPC (December 4, 1974).

"Endicott Johnson Corp. v. Perkins," 317 U.S. 501 (1943).

"Id. at 509.

courts. Its statutory provisions are interpreted as giving broad authority to effectuate the public interest." In the Atlantic Refining Co. v. Public Service Commission of New York (CATCO), case the court noted that sections 4, 5, and 7 of the Act, when read together carve out a large area where administration is largely left to the discretion of the Commission. It is clearly the purpose of the Congress "to create a comprehensive and effective regulatory scheme."

Section 16 of the Natural Gas Act empowers the Commission "to perform any and all acts, and to prescribe . . . such orders . . . as it may find necessary or appropriate to carry out the provisions of this act." In discussing the import of identical language contained in section 309 of the Federal Power Act "the Court in 'Niagara Mohawk Power Corp. v. F.P.C.' stated that necessary and appropriate provisions 'are not restricted to the procedural minutiae and that they authorize an agency to use means of regulation not spelled out in detail"

The broad grant of implementing authority conferred by section 16, which is not confined merely to procedural regulations, supports our decision. Our responsibilities under the Act, in a time of energy shortages require that new, broader initiatives be taken by the Commission, and the Congress in enacting section 16 has anticipated the changing circumstances that require such action as is taken herein. The information gathering process we adopt today is within the scope of the Natural Gas Act and is " . . . reasonably necessary to permit [this] agency to perform its tasks consistently with the provisions and purposes of the legislation."

In addition to those sections of the Natural Gas Act previously discussed, we also rely on section 8 as authority for the promulgation of FPC Form No. 40. Section 8 and section 301 of the Federal Power Act are virtually mirror images of each other. Section 301 was discussed in detail in "Southwestern Electric Power Co. v. F.P.C.," where the Court pointed to a line of cases acknowledging congressional intent to create agencies such as the FPC with broad powers to formulate policy, but cautioned against judicial review of more than

"Atlantic Refining Co. v. Public Service Commission of New York," (CATCO), 360 U.S. 378, 391-392 (1959).

"Atlantic Refining Co. v. Public Service Commission of New York," 360 U.S. 378, 382 (1958); "Panhandle Eastern Pipe Line Co. v. Public Service Commission of Indiana," 353 U.S. 507, 520 (1947).

"15 U.S.C. 717o (1970).

"15 U.S.C. 825o (1970).

"379 F.2d 153, 158 (D.C. Cir. 1967). Section 16 of the Natural Gas Act is identical to section 309 of the Federal Power Act.

"Public Service Commission of the State of New York v. F.P.C.," 327 F.2d 893, 894-897 (D.C. Cir. 1964).

"52 Stat. 825 (1938); 15 U.S.C. 717g (1970).

"49 Stat. 854; 16 U.S.C. 825(c) (1970).

"304 F.2d 29 (5th Cir.) (1962); cert. denied, 371 U.S. 924 (1962).

narrow legal issues.²² Specifically cited by the Court was a quotation from earlier court decisions in "American Power & Light Co. v. S.E.C." "in regard to a discussion of section 301 of the Federal Power Act.

It is fundamental principle . . . that where Congress has entrusted an administrative agency with the means of achieving the statutory policy "the relation of remedy to policy is peculiarly a matter of administrative competence."²³

The Court expressly noted the broad scope which section 301 gives the Commission and concluded that the determination of what actions are appropriate to the administration of the Federal Power Act is within the discretionary authority of the Commission.²⁴ In a second case which discussed the Commission's power under section 301 of the Federal Power Act the Court concluded that:

Congress . . . has designated the FPC, which has the capacity and the opportunity to develop the necessary knowledge and experience, to prescribe a coherent and detailed system of regulations.²⁵

Respondents challenge not only the Commission's authority to regulate but the propriety and appropriateness of such regulation. Prominent among these allegations is the assertion that to collect such proved natural gas reserve information and to make this information available to the public is violative of the proprietary interests of those holding natural gas reserves. We are both aware and appreciative of the consequences of the actions we take today. We carefully have weighed the proprietary interest in accordance with the test set forth in *F.C.C. v. Schreiber*²⁶ and have concluded that the public right to the information outweighs the private proprietary interests of the respondents.

We are cognizant that the disclosure of the proved natural gas reserves information we request may occasionally be detrimental to the private interests of some producers, but the potential damage does not override the public interest in disclosure in a period of natural gas shortages. Schedule B containing field and reservoir information and Schedule C containing reserves additions by state or subdivisions will be maintained on a confidential basis unless otherwise ordered by the Commission. Schedule A as modified will summarize the contract volume commitment status of company-owned interstate and intrastate domes-

tic reserves, and will report by company reserves additions and successful gas well drilling footage. Schedule A shall be made available to the public.

The public interest in disclosure of company owned reserves reported in Schedule A without detailing data as to field or reservoirs would not seem to conflict with any proprietary interest and would override any potential harm to producers. Regulation cannot proceed in the absence of information on the properties and operations of regulated companies. There is here no more taking of a proprietary interest than our requirements that cost data be accounted for in a particular way or that reports be filed with the Commission for regulatory use and benefit of the public.²⁷

The regulatory process is a bond of consumer protection²⁸ and a valid regulatory purpose is served by informing the public on an annual basis as to the scope of company owned reserves. This is particularly true of natural gas. Public knowledge of the relative proportions of reserve holdings by companies may provide a basis for industrial and individual consumer planning relating to the financial commitment to natural gas as an energy source or to an alternate energy system. Furthermore, a serious pervasive problem underlying the capacity of government for action to resolve the energy crisis is a disbelief on the part of the public that there is, in fact, a crisis.

In addition to the general public interest, there exists a legitimate interest by other state and federal agencies in the status and level of gas reserves owned or controlled by natural gas companies. Such threshold information might serve the public interest objectives of these governmental agencies, particularly in such matters of paramount national concern as enforcement of anti-trust laws, prevention of anti-competitive practices and determination of the efficacy of competition in the natural gas industry.

We have in Opinion Nos. 687 and 687-A²⁹ previously mandated the public disclosure of data furnished by producers on uncommitted reserves. Producers in that proceeding alleged serious damage to their proprietary interests from public disclosure of the reserves data but no producer appealed our decision.

The Freedom of Information Act³⁰ imposes an obligation upon agencies to make certain types of information available to the public with certain exceptions including in paragraph (b)(4) "trade

secret and commercial or financial information obtained from a person and privileged or confidential" and in paragraph (b)(9) "geological and geophysical information and data, including maps, concerning wells". These specific exemptions of records from disclosure pursuant to the Freedom of Information Act are to be narrowly construed³¹ and merely provide that public disclosure is not required. Such exemptions are a privilege of the agency not of one seeking to protect the confidentiality of the information.³²

No congressional policy or intent is manifested in the Freedom of Information Act³³ or other statutes which would protect from public disclosure the volumes of natural gas reserves held by natural gas companies. If there is any public policy that clearly has the support of Congress it is one of full public disclosure of all information collected by a government agency unless the private interest overrides the public interest in disclosure. Such an overriding private interest is not apparent with respect to Schedule A.

The Commission is authorized by the Natural Gas Act³⁴ to require such reports as may be necessary or appropriate to assist the Commission in the proper administration of the Act and may prescribe the manner and form of such reports. This authority is broad enough in its delegation to encompass public disclosure of information filed under oath pursuant to this order.

This Commission has carefully and exhaustively considered each and every concern voiced by the industry. Faithful execution of the charges to this Commission expressed in the Natural Gas Act compels us to conclude that proved gas reserves information must be obtained by this independent government agency of the Congress for use as prescribed herein by this and other government departments and agencies as well as by the public and the industry in assessing the nation's current and future supply of natural gas. The substantial arguments made by the respondents are forceful, but not controlling. Our responsibility placed upon us by the Congress, under the Act to insure a stable, long-run supply of natural gas for the interstate market compels us to conclude that this proposed data collection, as augmented and amended by the Staff as a result of filed comments and the public meeting, is in the public interest and should be adopted.

We find that any burden that may be imposed upon the natural gas industry as the result of our adoption of FPC Form No. 40 is substantially outweighed by our need to know the status of the nation's proved reserves of natural gas. Our evaluation of proved reserves data submitted pursuant to this order will

²² *S.E.C. v. Chenery Corp.*, 332 U.S. 194 (1947); *American Power & Light Co. v. S.E.C.*, 339 U.S. 90 (1946); *Phelps Dodge Corp. v. National Labor Relations Board*, 313 U.S. 177 (1941); *Gray v. Powell*, 314 U.S. 422 (1941); *Rochester Tel. Corp. v. U.S.*, 307 U.S. 125 (1939).

²³ 329 U.S. 90 (1946).

²⁴ *Southwestern Electric Power Co. v. F.P.C.*, 304 F.2d 29, 42 (5th Cir. 1962); cert. denied, 371 U.S. 924 (1962).

²⁵ *Southwestern, supra*, at 41 through 43.

²⁶ *Appalachian Power Co. v. F.P.C.*, 328 F.2d 237 (4th Cir. 1964); cert. denied, 379 U.S. 829 (1964).

²⁷ 381 U.S. 279 (1964).

²⁸ *Cf. "F.P.C. v. East Ohio Gas Co."*, 388 U.S. 464, 475 (1960).

²⁹ *Atlantic Refining Co. v. Public Service Commission of New York*, 360 U.S. 378, 388 (1959).

³⁰ *Opinion And Order Requiring Production Of Gas Reserve Data*, Opinion No. 687, Docket No. R-405-A, --- FPC ---, (Issued February 4, 1974) (Moody and Brooke, Commissioners, dissenting), as amended, Opinion And Order Denying Rehearing, Opinion No. 687-A, Docket No. R-405-A, --- FPC --- (Issued April 3, 1974) (Moody and Brooke, Commissioners, dissenting).

³¹ 5 U.S.C. § 552.

³² See *Bristol-Meyers Co. v. F.T.C.*, 424 F.2d 935 (D.C. Cir. 1970).

³³ Compare, *La Morte v. Mansfield*, 438 F.2d 448 (2nd Cir., 1971).

³⁴ 88 Stat. 1561, 5 U.S.C.A. 552 (1974).

³⁵ Section 10(a), 52 Stat. 826 (1938); 15 U.S.C. 7171.

enable us to measure the impact of our regulatory policies and national energy policies on the development and allocation of natural gas resources "consistent with the demands of gas consumers and the economy.

The Commission finds. (1) The notice and opportunity to participate in this proceeding with respect to the matters presently before the Commission through the submission in writing and at a public meeting of comments are consistent and in accordance with all procedural requirements as prescribed in section 553, Title 5 of the United States Code.

(2) The amendment to Part 260 of the Commission's statements and reports to add a new § 260.13 is necessary and appropriate for the administration of the Natural Gas Act.

(3) The amendment of Part 3 of the Commission's general rules and § 3.170 of the regulations under the Natural Gas Act is necessary and appropriate for the administration of the Natural Gas Act.

The Commission orders. The Commission, acting pursuant to the provisions of the Natural Gas Act, as amended, particularly sections 4, 5, 7, 8, 14, 15, and 16 thereof (52 Stat. 822, 823, 824, 825, 828, 829, 830 (1938); 56 Stat. 83, 84 (1942); 61 Stat. 459 (1947); 76 Stat. 72 (1962); 15 U.S.C. 717c, 717d, 717f, 717g, 717m, 717n, 717o) hereby orders that its general rules Part 260 Subchapter G of Chapter I, Title 18 of the Code of Federal Regulations, be amended by adding a new § 260.13 and revising § 3.170 as follows:

(A) We amend § 3.170 of Part 3, Subchapter A, Chapter I, Title 18 of the Code of Federal Regulations to read as follows:

§ 3.170 Approved forms, etc.

(a) The following is a list of approved forms, statements, and reports under the Natural Gas Act, descriptions of which have been published in Subchapter G, Parts 250 and 260 of this chapter.

(b) Form No. 40, Natural Gas Companies Annual Report of Proved Domestic Gas Reserves, Including Those of Any Affiliate (Associate) or Subsidiary, of Each Person Found By the Commission to be a "natural-gas company" within the meaning of the Natural Gas Act.

*"Northern Natural Gas Company v. F.P.C." 399 F.2d 953, 959 (D.C. Cir. 1968); Despite a continuing debate, it appears that the basic goal of direct governmental regulation through administrative bodies and the goal of indirect governmental regulation in the form of antitrust law is the same—to achieve the most efficient allocation of resources possible. For instance, whether a regulatory body is dictating the selling price or that price is determined by a market free from unreasonable restraints of trade, the desired result is to establish a selling price which covers costs plus a reasonable rate of return on capital, thereby avoiding monopoly profits. Another example of their common purpose is that both types of regulation seek to establish an atmosphere which will stimulate innovations for better service at a lower cost. This analysis suggests that the two forms of economic regulation complement each other.

(B) Section 260.13 is added to read as follows:

§ 260.13 Form No. 40, natural gas companies annual report of proved domestic reserves, including those of any affiliate (associate) or subsidiary of each person found by the Commission to be a "natural-gas company" within the meaning of the Natural Gas Act.

(a) The form of Natural Gas Companies Annual Report of Proved Domestic Gas Reserves as F.P.C. Form No. 40 is adopted.

(b) Each person found by the Commission to be a "natural-gas company" within the meaning of the Natural Gas Act shall prepare and file with the Commission an original and four copies of Schedule A, Natural Gas Companies Annual Report of Proved Domestic Gas Reserves, F.P.C. Form No. 40; shall file one original copy of Schedules B and C; and shall file Schedule D as necessary. Schedule C is not required the first report year. The report for the calendar year ending December 31, 1974, shall be filed by July 1, 1975, and thereafter the report for each calendar year ending December 31 shall be filed by April 1 of the following year.

(c) Schedule A shall be made available at the Commission's Offices of public inspection.

(d) Information filed pursuant to this order shall be made under oath.

(C) The Secretary shall cause copies of FPC Form No. 40, as promulgated by this order, to be transmitted on February 25, 1975, to the Comptroller General of the United States for review of that Form pursuant to the provisions of section 409(b), Pub. L. 93-153, 82 Stat. 1302, 44 U.S.C.A. 3512 (1974).

(D) Unless otherwise directed by further Commission order, the effective date of this order shall be April 28, 1975.

(E) Pending review of this order by the Comptroller General all respondents may file comments concerning Schedule A as modified to report drilling footage data and these comments shall be considered by the Commission prior to the effective date of a final order. Comments should be received by the Secretary no later than 30 days from the date this order is issued i.e. transmitted to the Comptroller General of the United States as prescribed in Ordering Paragraph (C) herein.

(F) Any applications for rehearing of this order, pursuant to section 19(a) of the Natural Gas Act, 15 U.S.C. 717r(a), shall be filed within the statutory time period to be computed from aforesaid effective date of this order.

(G) The Secretary shall cause prompt publication of this order to be made in the FEDERAL REGISTER.

By the Commission. Commissioner Moody, dissenting, joined by Commissioner Brooke, filed a separate statement appended hereto.*

[SEAL] KENNETH F. PLUMB,
Secretary.

[FPC Doc. 75-5656 Filed 3-3-75; 8:45 am]

* Filed as part of the original document.

[Docket No. RM75-17; Order No. 226]

PART 35—FILING OF RATE SCHEDULES

PART 154—RATE SCHEDULES AND TARIFFS

Uniform Filing Requirements

FEBRUARY 18, 1975.

Section 35.7 of the Commission's regulations under the Federal Power Act requires the filing of five copies of rate increase applications, while requiring only two copies of other rate schedule filings and of certificates of concurrence, notices of cancellation or termination, and notices of succession. Section 154.26 of the regulations under the Natural Gas Act requires the filing of two copies of any tariff, contract, or part thereof, certificates of adoption, and notices of cancellation or termination.

In order to facilitate the proper distribution of pipeline and public utility rate filings within the Commission's offices, and to assure the timely review and disposition of all matters requiring Commission action, it is essential that a sufficient number of copies of rate filings be provided. Based on a review of the Commission's filing, analysis and decision procedures, it is found that six copies of tariff, rate schedule, and related filings required to be submitted pursuant to §§ 35.7 and 154.26 of the Commission's regulations under the Federal Power and Natural Gas Acts respectively, are necessary to assure proper control over the Commission's incoming work, and the prompt consideration of all matters requiring the Commission's attention. Accordingly, we shall amend the applicable regulations to provide for a uniform filing requirement of six copies of all rate-related tariff documents and other related materials required to be submitted pursuant to §§ 35.7 and 154.26 of Chapter I, Title 18 of the Code of Federal Regulations.

It can be seen from the foregoing that the regulations are less than consistent in specifying the number of copies of rate-related pipeline and public utility tariff filings required to be submitted. There does not appear to be any sound reason for the difference in number of copies specified by the regulations, and it is reasonable under these circumstances to amend the regulations so as to make uniform the number of documents required to be filed.

The Commission finds. (1) The amendments to §§ 35.7 and 154.26 of Chapter I, Title 18 of the Code of Federal Regulations, herein prescribed, are necessary and appropriate for the administration of the Federal Power Act and Natural Gas Act.

(2) The amendments herein prescribed constitute rules of agency procedure. The notice and effective date provisions of 5 U.S.C. 553 do not apply. Notice and public procedure in regard to the adoption of these amendments are unnecessary.

(3) Good cause exists to make the subject amendments to the regulations effective immediately upon the issuance of this order.

The Commission, acting pursuant to the provisions of the Federal Power Act, as amended, particularly sections 205

and 309 thereof (49 Stat. 851, 852, 858, 859; 16 U.S.C. 824d, 825h) and the provisions of the Natural Gas Act, as amended, particularly sections 4 and 16 thereof (52 Stat. 822, 830; 76 Stat. 72; 16 U.S.C. 717c, 717o), orders:

(A) Section 35.7 in Part 35, Subchapter B of Chapter I, Title 18 of the Code of Federal Regulations is revised to read as follows:

§15.7 Number of copies to be supplied.

All tariffs, rate schedules and contracts, or parts thereof, and material related thereto including any change in rates, certificates of concurrence, notices of cancellation or termination, and notices of succession, shall be supplied to the Commission for filing in six copies. All copies are to be included in one package, together with six copies of the letter of transmittal and all other materials and information required by these regulations, and addressed to the Federal Power Commission, Washington, D.C. 20426.

(B) Section 154.26 in Part 154, Subchapter E of Chapter I, Title 18 of the Code of Federal Regulations is revised to read as follows:

§154.26 Number of copies to be supplied.

All tariffs, rate schedules, and contracts, or parts thereof, and material related thereto, including any change in rates, notices of cancellation or termination, and certificates of adoption, shall be supplied to the Commission in six copies. All copies are to be included in one package, together with six copies of the letter of transmittal and all other materials and information required by these regulations, and addressed to the Federal Power Commission, Washington, D.C. 20426.

(C) The above amendments to the Commission's regulations shall be effective immediately upon the issuance of this order.

(D) The Secretary shall cause prompt publication of this order in the *FEDERAL REGISTER*.

By the Commission.

(s) KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5587 Filed 3-3-75; 8:54 am]

PART 154—RATE SCHEDULES AND TARIFFS

CFR Correction

In §154.38 appearing on page 12 of title 18, parts 150-end, revised as of April 1, 1974, an amendment to paragraph (d) (4) (iv), published at 37 FR 12489, June 24, 1972, was incorrectly incorporated.

In paragraph (d) (4), the introductory text and (iv) (c) (i) as corrected, read as follows:

§154.38 Composition of rate schedule.

(d)
(4)
(iv) Rate changes shall be computed and filed not more frequently than semi-

annually to reflect the current cost of producer purchases. Rate changes shall be computed and filed to coincide with the effective date of pipeline supplier rate changes if the change represents a change of at least 1 mill (\$0.001) per Mcf of annual jurisdictional sales.

(c)

(1) Account 186 shall only be used to include purchased gas costs related to Commission approved PGA clauses when such costs are not includible in the utility's rate schedules on file with the Commission. The account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas costs. After a change in a rate schedule recognizing the increases or decreases in purchased gas costs in this account is approved by the Commission, Account 186 shall be debited or credited, as appropriate, with contra entries to gas purchased accounts so that the balance accumulated in this account will be amortized over the succeeding six-month period. Separate subaccounts shall be maintained for the amounts relating to the period in which the increase or decrease is accumulated and for the amortization of purchased gas increases or decreases, as applicable, so as to keep each period separate. Carrying charges will not be allowed on any balances pertaining to unrecovered purchased gas costs.

Title 22—Foreign Relations

CHAPTER II—AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF STATE

[A.I.D. Reg. 1]

PART 201—RULES AND PROCEDURES APPLICABLE TO COMMODITY TRANSACTIONS FINANCED BY A.I.D.

Modification of A.I.D. Geographic Code 941—Selected Free World

In 1970, the Agency for International Development, acting pursuant to authority contained in section 604(a) of the Foreign Assistance Act of 1961, as amended, established a List of Selected Free World Countries (A.I.D. Geographic Code 941) in order to designate countries which would be eligible as sources of A.I.D.-financed procurement of commodities and services under agreements where procurement from Selected Free World Countries was authorized. A.I.D. Geographic Code 941 was first published as part of A.I.D. Regulation 1 in 1971 and was intended to be updated from time to time as additions or deletions became necessary pursuant to established criteria governing inclusion on the list.

This amendment to A.I.D. Regulation 1, by deleting Egypt and Syria from the listing of countries excluded as eligible sources under A.I.D. Geographic Code 941, permits Egypt and Syria to be eligible source countries for A.I.D.-financed commodities and services under agreements where Code 941 source procurement is authorized.

Section 201.11(b) (4) of Part 201 of Chapter II, Title 22 (A.I.D. Regulation

1), in particular, the subsection with the heading Code 941—"Selected Free World," is amended to read as follows:

§ 201.11 Eligibility of commodities.

(b)
(4)

"Code 941—"Selected Free World": Any independent country in the Free World, except Algeria, Andorra, Australia, Austria, Belgium, West Berlin, Canada, Cyprus, Denmark, Finland, France, West Germany, Greece, Hong Kong, Iceland, Iraq, Ireland, Israel, Italy, Japan, Kuwait, Libya, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, Qatar, Southern Rhodesia, San Marino, Somali Republic, South Africa, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, Vatican City, South Yemen, Yugoslavia, and the cooperating country itself."

All other portions of § 201.11(b) (4) shall remain in full force and effect.

Effective date: This amendment shall become effective March 4, 1975.

Dated: February 19, 1975.

DANIEL PARKER,
Administrator.

[FR Doc. 75-5613 Filed 3-3-75; 8:45 am]

Title 23—Highways

CHAPTER I—FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

SUBCHAPTER H—RIGHT-OF-WAY AND ENVIRONMENT

PART 712—THE ACQUISITION FUNCTION

Right-of-Way Revolving Fund

This will amend the regulations of the Federal Highway Administration by revising § 712.702(d) for the purpose of more closely conforming it to the language and intent of 23 U.S.C. 108c(3) which it implements. The previous regulation provided "Actual construction of a highway on rights-of-way, with respect to which revolving funds are advanced, shall be commenced within a period of not less than 2 years nor more than 10 years following the end of the fiscal year in which *obligational authority is allocated* to the right-of-way project, unless FHWA in its discretion shall provide an earlier termination date." We are changing the language in *italics* above to limit the commencement of construction to not more than ten years following the end of the fiscal year in which the advance was made to the right-of-way project, instead of the year in which *obligational authority* was allocated, because the language of the statute is ". . . nor more than ten years following the end of the fiscal year in which the Secretary approves such advance of funds," and since the approval incident to the actual advance of funds is intended to measure the period to commence construction this change would be more in keeping with the statute.

The proposed regulation will codify a revision of paragraph 3(d) of Volume 7, Chapter 2, section 7 of the Federal-Aid Highway Program Manual.

Section 712.702(d) is hereby revised to read as follows:

§ 712.702 Policies.

(d) Actual construction of a highway on rights-of-way with respect to which revolving funds are advanced shall be commenced within a period of not less than 2 years nor more than 10 years following the end of the fiscal year in which the advance was made to the right-of-way project, unless FHWA in its discretion shall provide an earlier termination date.

This revision will take effect immediately.

Issued on: February 24, 1975.

NORBERT T. TIEMANN,
Federal Highway Administrator.

Title 24—Housing and Urban
Development

CHAPTER II—OFFICE OF ASSISTANT SECRETARY FOR HOUSING PRODUCTION AND MORTGAGE CREDIT—FEDERAL HOUSING COMMISSIONER (FEDERAL HOUSING ADMINISTRATION), DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBCHAPTER A—GENERAL

[Docket No. R-75-319]

PART 200—INTRODUCTION

Eligibility Requirements for Structural Defects Assistance

The following amendments are being made to this chapter to revise the eligibility requirements for structural defects assistance. The amendments extend eligibility to mortgagors of two family dwellings insured under section 235 of the National Housing Act and to mortgagors of one or two family dwellings located in older declining urban areas which were insured under sections 203 or 221 of the National Housing Act on or after August 1, 1968, but prior to January 1, 1973, pursuant to a mortgage insurance commitment issued when such dwelling was more than 1 year old. The amendments restrict the defects eligible for assistance to those structural or other major defects which so seriously affect use and livability as to create a serious danger to the life or safety of the inhabitants.

The Secretary has determined that such changes are necessary to comply with the purposes and intent of the Housing and Community Development Act of 1974, in accordance with his authority contained in 12 U.S.C. 1735(c). Because of the need to have these procedures available at the earliest possible date, the Secretary has determined that it is impracticable and contrary to the public interest to engage in public rule making procedures and to postpone the effective date. Processing of applications by the Secretary on a National basis will begin on March 24, 1975. The Secretary has, therefore, determined that advance notice and publication are unnecessary and that said cause exists for making this amendment effective on publication.

Accordingly, Chapter II is amended as follows:

1. In the list of sections for Part 200 and in Subpart L the heading for Subpart L is revised to read as follows:

Subpart L—Correction of Structural Defects in Homes Covered by Mortgage Insurance Under Section 203, 221 or 235

2. In Subpart L, the citation of authority is revised to read as follows:

AUTHORITY: The provisions of this Subpart L are issued under section 518 (b) and (c), 78 Stat. 783, 84 Stat. 1771, 88 Stat. 678, 12 U.S.C. 1735c.

3. In Subpart L, §§ 200.517, 200.520, 200.522 and 200.527 are revised respectively to read as follows:

§ 200.517 Purpose.

The purpose of this subpart is to specify the terms and conditions under which the Secretary will consider affording assistance to mortgagors under section 518(b) of the National Housing Act.

§ 200.520 Application for assistance.

An application for assistance in the correction of defects, in a form satisfactory to the Secretary, shall be filed by or on behalf of an eligible mortgagor with the Area or Insuring Office Director having jurisdiction over the area in which the property is located. The application shall be filed not later than 1 year after the insurance of the mortgage or, in the case of a dwelling located in an older declining urban area and covered by a mortgage insured under Section 203 or 221 of the National Housing Act on or after August 1, 1968, but prior to January 1, 1973, not later than August 22, 1975. Processing of applications by the Secretary will begin on March 24, 1975.

§ 200.522 Eligibility for consideration.

(a) The person applying for assistance is the owner and mortgagor of a one or two family dwelling covered by a mortgage insured under section 235 of the National Housing Act pursuant to a mortgage insurance commitment issued when such dwelling was more than 1 year old; or, in the case of a dwelling located in an older, declining urban area, the applicant is the owner and mortgagor of a one or two family dwelling covered by a mortgage insured under section 203 or 221 of the National Housing Act on or after August 1, 1968, but prior to January 1, 1973, pursuant to a mortgage insurance commitment issued when such dwelling was more than 1 year old.

(b) One or more structural or other defects existed in such dwelling on the date of the issuance of the mortgage insurance commitment which (1) so seriously affect use and livability as to create a serious danger to the life or safety of the inhabitants of such dwelling, and (2) were of such a nature that a proper inspection could reasonably be expected to have disclosed them; and

§ 200.527 Consideration for assistance.

(a) Whether the defects so seriously affect use and livability as to create a serious danger to the life or safety of the inhabitants;

Effective date. These amendments are effective March 4, 1975.

DAVID M. DEWILSON,
Acting Assistant Secretary,
Commissioner for Housing
Production and Mortgage
Credit.

[FR Doc. 75-5667 Filed 3-3-75; 3:45 am]

Title 26—Internal Revenue

CHAPTER I—INTERNAL REVENUE SERVICE, DEPARTMENT OF THE TREASURY

SUBCHAPTER A—INCOME TAX

[T.D. 7345]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Deductibility of Fines and Penalties and Illegal Bribes, Kickbacks, and Other Payments

Correction

In FR Doc. 75-4671, appearing at page 7437 of the issue of Thursday, February 20, 1975, the following corrections should be made:

1. The bracketed phrase, "[making of the]", in the fifth line of paragraph § 1.162-18(a) (1) (i) should be deleted.
2. The word "indicted", in the first line of Example (1) of paragraph § 1.162-21(c), should be changed to read "indicted".

Title 29—Labor

CHAPTER XVII—OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

PART 1952—APPROVED STATE PLANS FOR ENFORCEMENT OF STATE STANDARDS

Subpart BB—Wyoming Plan

APPROVAL OF STATE STANDARDS

1. *Background.* Part 1953 of Title 29, Code of Federal Regulations, prescribes procedures under section 18 of the Occupational Safety and Health Act of 1970 (hereinafter called the Act) by which the Assistant Regional Directors for Occupational Safety and Health (hereinafter called Assistant Regional Directors) under a delegation of authority from the Assistant Secretary of Labor for Occupational Safety and Health (hereinafter called the Assistant Secretary) (29 CFR 1953.4) will review and approve standards promulgated pursuant to a State plan which has been approved in accordance with section 18(c) of the Act and 29 CFR Part 1903. On May 3, 1974, notice was published in the FEDERAL REGISTER (39 FR 15394) of the approval of the Wyoming plan and the adoption of Subpart BB to Part 1952 containing the decision.

Section 1952.340 of Subpart BB sets forth the State's intentions with regard

promulgation of Federal standards covering all the issues contained in 29 CFR Parts 1910 and 1926 (with the exception of those pertaining to ship repairing, ship building, ship breaking and ship repairing) and the adoption of additional vertical standards not provided by the Federal program. Section 1952.343 of Subpart BB sets forth the State's schedule for the adoption of Federal standards as State standards. By letter dated January 6, 1975 from William W. Williams, State Health and Safety Administrator to Curtis A. Foster, Assistant Regional Director to be incorporated as part of the plan in accordance with 29 CFR Part 1953, the State submitted rules and regulations concerning 29 CFR Part 1910, Subparts D through S, and all Subparts of 29 CFR Part 1926. These standards were promulgated by the State after public hearings on May 16, June 27 and August 5, 1974, and are published in the following four volumes: Wyoming Occupational Health and Safety General Rules and Regulations; Wyoming Occupational Health and Safety Rules and Regulations for Construction; Wyoming Occupational Health and Safety Rules and Regulations for Wood Harvesting and Processing; and Wyoming Occupational Health and Safety Rules and Regulations for Laundering and Dry Cleaning.

Decision. The State submission having been reviewed in comparison with the Federal standards, it has been determined that the State standards are at least as effective as the comparable Federal standards. Where applicable, the State has adopted the most recent standards developed by the American National Standards Institute (ANSI) in place of the ANSI references adopted as consensus standards under section 6(a) of the Act. For example, Chapter VI—Source of Rules and Regulations and Standards Producing Organizations in the Wyoming Occupational Health and Safety Rules and Regulations for Laundering and Dry Cleaning lists ANSI Code Z41-1972, while the comparable Federal standard, 29 CFR 1910.268, lists ANSI Code Z41-1961 as the source.

In addition, the State standards are more specific in several areas, particularly with respect to the rules and regulations which apply to wood harvesting and processing. The detailed standards comparison is available at the locations specified below.

1. Location of supplement for inspection and copying. A copy of the standards supplement, along with the approved plan, may be inspected and copied during normal business hours at the following locations: Office of the Assistant Regional Director, Occupational Safety and Health Administration, Room 15010, Federal Building, 1961 Stout Street, Denver, Colorado 80202; the Occupational Health and Safety Department, 200 East Eighth Avenue, Cheyenne, Wyoming 82001; and the Office of the Associate Assistant Secretary for Regional Programs, Room 850, 1726 M Street, NW., Washington, D.C. 20210.

4. Public participation. Under section 1953.2(c) of 29 CFR Part 1953, the Assistant Secretary may prescribe alternative procedures to expedite the review process or for other good cause which may be consistent with applicable laws. The Assistant Secretary finds that good cause exists for not publishing the supplement to the Wyoming plan as a proposed change and for making the Assistant Regional Director's approval effective upon publication, for the following reason.

The standards were adopted in accordance with the procedural requirements of State law, which included public comment, and further public participation would be unnecessary.

This decision is effective March 4, 1975. (Sec. 18, Pub. L. 91-596, 84 Stat. 1608 (39 U.S.C. 667)).

Signed at Denver, Colorado this 7th day of February, 1975.

CURTIS A. FOSTER,
Assistant Regional Director.

[FR Doc.75-5708 Filed 3-3-75; 8:45 am]

Title 33—Navigation and Navigable Waters
CHAPTER II—CORPS OF ENGINEERS,
DEPARTMENT OF THE ARMY
PART 207—NAVIGATION REGULATIONS
Gulf of Mexico and St. Andrew Sound,
Florida

On October 9, 1974, the Department of the Army, acting through the Chief of Engineers, published proposed regulations to govern the use and navigation of a restricted area in the Gulf of Mexico and St. Andrew Sound, Florida.

The comment period for this regulation expired on November 8, 1974. There were no objections to the proposed restricted area. However, the requirement that all vessels in the restricted area monitor CB Channel 1 (26.965 MHz) is deleted. All vessels entering the restricted area must have operational marine radio equipment capable of monitoring VHF marine frequency Channel 16 (156.80 MHz), or in the event the marine radio equipment is not installed on the vessel, CB equipment with Channel 13 (27.115 MHz) will be used as an alternate.

The Department of the Army, acting through the Corps of Engineers, is publishing the final regulations as follows:

Section 207.175e is added as follows:

§ 207.15e Gulf of Mexico and St. Andrew Sound, south of East Bay, Florida, Tyndall Drone Launch Corridor, Tyndall Air Force Base, Florida, Restricted Area.

(a) *The area.* The waters of the Gulf of Mexico and St. Andrew Sound within an area described as follows, including Crooked Island: Beginning at a point on shore at latitude 30°01'30", longitude 85°32'30", thence to latitude 30°00'58", longitude 85°33'38", thence to latitude 29°56'38", longitude 85°33'38", thence to latitude 29°55'15", longitude 85°31'21", thence to a point on shore at latitude 30°00'58", longitude 85°31'21",

thence northwest to the point of beginning. This area will be referred to as the "Tyndall Drone Launch Corridor."

(b) *The regulations.* (1) Military usage of areas is Monday through Friday between the hours of 7 a.m. and 5 p.m.

(2) Vessels are allowed to enter and remain in this area provided they have operational communication equipment capable of monitoring VHF Marine frequency Channel 16, (156.80MHz). In the event the Marine radio equipment is not installed on the vessel, CB equipment with Channel 13 (27.115 MHz) will be used as an alternate means of communications. Warnings will be broadcast by the Air Force on Channel 16 (156.80 MHz) and Channel 13 (27.115 MHz) using the following sequence.

(i) Announcement 90 minutes prior to drone launch.

(ii) Announcement 60 minutes prior to drone launch.

(iii) Announcement of drone launch or drone cancelled, and the expected time of the drone launch. Upon receipt of the drone warning on either Channel 16 (156.80 MHz) or Channel 13 (27.115 MHz), vessels will take the necessary action to vacate the drone launch corridor not later than 60 minutes prior to expected drone launch.

(3) Vessels are authorized direct movement without stopping through this area at any time unless warned by helicopter or patrol boat.

(4) The area will be patrolled by helicopter/vessels during periods of hazardous military activity. Verbal warnings or instructions issued by these craft will be strictly adhered to.

(5) The regulations in this section shall be enforced by the Commanding Officer, Tyndall Air Force Base, Florida, and such agencies as he may designate.

[Regs. January 31, 1975, 1522-01 Gulf of Mexico and St. Andrew Sound, Fla.—DAEN-CWO-N] (Sec. 7, 40 Stat. 266; 33 U.S.C. 1)

By authority of the Secretary of the Army:

FRED R. ZIMMERMAN,
Lt. Colonel, U.S. Army,
Chief, Plans Office, TAGO.

[FR Doc.75-5571 Filed 3-3-75; 8:45 am]

Title 41—Public Contracts and Property Management
CHAPTER 5A—FEDERAL SUPPLY SERVICE
GENERAL SERVICES ADMINISTRATION
REVISION OF GSA FORM 1424, GSA
SUPPLEMENTAL PROVISIONS

This change to the General Services Administration Procurement Regulations provides a revised GSA Form 1424, GSA Supplemental Provisions and updates related instructions.

PART 5A-2—PROCUREMENT BY
FORMAL ADVERTISING

Subpart 5A-2.2—Solicitation of Bids

1. Section 5A-2.201 is amended as follows:

§ 5A-2.201 Preparation of invitations for bids.

(a) *Content.* The information to be included in invitations for bids shall be in

accordance with § 1-2.201 and this section. In addition, when preparing invitations for bids involving Federal Supply Schedules, the instructions set forth in Part 5A-73 must be observed.

(b) * * *

(2) * * *

(iii) *Solicitation certification relative to employment of the handicapped.* (See § 1-12.1303.)

2. Section 5A-2.201-70 is amended as follows:

§ 5A-2.201-70 Forms to be used.

(e) * * *

(1) GSA Form 1424, GSA Supplemental Provisions, February 1975 edition, shall be incorporated by reference in each solicitation for offers, except solicitations for offers under the AID buying program, by using the following provision:

GSA Form 1424, GSA Supplemental Provisions, February, 1975 edition, receipt of which is acknowledged by the bidder, is hereby incorporated by reference. A copy of GSA Form 1424, if not enclosed, is available upon request.

3. Section 5A-2.201-78 is amended as follows:

§ 5A-2.201-78 Inspection at source.

(c) * * *

SOURCE INSPECTION

(1) Supplies to be furnished under this contract ordinarily will be inspected at source by the Government prior to shipment from the manufacturing plant or other facility designated by the Contractor, unless (a) the Contractor is notified otherwise in writing by the Contracting Officer or his designated representative, or (b) the Contractor or his subcontractor, pursuant to a Quality Approved Manufacturer Agreement with the General Services Administration, is authorized to issue a certificate covering such supplies at the time of shipment. Notwithstanding the foregoing, the Government may perform any or all tests contained in the contract specifications at a Government facility without prior written notice by the Contracting Officer before release of the supplies for shipment.

(2) Offerors will be required to specify the name and address (including county) of each manufacturing plant or other facility where supplies will be available for inspection, indicating the item number(s) to which each applies. A contract will be awarded only to the responsible offeror (i) who agrees to deliver the item(s) specified by the contract from a plant or warehouse within the United States (including Puerto Rico and the Virgin Islands) that is equipped to perform all inspections and tests required by the contract and specifications, to evidence conformance therewith, or (ii) who will arrange with a testing laboratory or other facility in the United States, acceptable to the Government, to perform the required inspections and tests.

(3) Inspection responsibility will be assigned to the Quality Control Division of the GSA regional office having jurisdiction over the State in which the Contractor's or subcontractor's plant or other designated point for source inspection is located (Addresses and States covered for each Quality Control Division are shown on GSA Form 2022, copy

of which, if not previously furnished, is obtainable upon request). The Contractor shall notify, or arrange for his subcontractor to notify, that office at least 10 days prior to the date when supplies will be ready for inspection. Shipments shall not be made until released by the Quality Control Division unless release is otherwise authorized under terms of a currently applicable Quality Approved Manufacturer Agreement.

PART 5A-7—CONTRACT CLAUSES

The table of contents for Part 5A-7 is amended to add the following entry:

5A-7.102-50 Payment of interest on Government claims.

Subpart 5A-7.1—Fixed-Price Supply Contracts

1. Section 5A-7.102-5 is amended as follows:

§ 5A-7.102-5 Inspection.

(b) *Additional costs of inspection and testing.*—The Contractor will be charged for any additional costs of Government inspection and test when (1) supplies are not ready at the time such inspection and test is requested by the Contractor, or (2) when reinspection or retest is necessitated by prior rejection. See Article 5(c) of Standard Form 32. When such inspection and test is performed by or under the direction of the General Services Administration, charges will be at the rate of \$11 per man-hour if the inspection is at a GSA supply distribution facility, \$16 per man-hour, plus travel costs incurred, if the inspection is at any other location, and \$16 per man-hour for laboratory testing, except that when a testing facility other than a Federal Supply Service laboratory performs all or part of the required tests, the Contractor shall be assessed the actual amount of the costs incurred by the Government as a result of testing in such a facility. When inspection is performed by or under the direction of any agency other than the General Services Administration, the same charges may be used or such agency may assess their costs for performing the inspection and testing.

(d) *Quality Approved Manufacturer Agreement.*—All of the terms and conditions of any existing Quality Approved Manufacturer Agreement entered into by the Contractor and/or his supplier and the Government are hereby incorporated in this contract and made a part hereof.

(g) *Availability of records.*—In addition to any other requirement of the contract, the Contractor shall maintain at the point for source inspection and make available to the contracting officer or his authorized representative, for the duration of the contract and 6 months (180 days) thereafter records showing the following information for each order received under the contract: (1) Order number; (2) date order received by the contractor; (3) quantity ordered; (4) date scheduled into production; (5) batch or lot number, if applicable; (6) date inspected and/or tested; (7) date available for shipment; and (8) date shipped or date service completed.

2. Section 5A-7.102-50 is added as follows:

§ 5A-7.102-50 Payment of Interest on Government claims.

It is the Government's policy to collect interest on a Government claim

when such claim is ultimately decided in favor of the Government. All contracts, except for small purchases covered by § 1-3.6, shall also include the payment of interest on Government claims clause (included in GSA Form 1424) set forth below:

PAYMENT OF INTEREST ON GOVERNMENT CLAIMS

Unless paid within 30 days following receipt by the contractor of a written notice from the contracting officer setting forth an amount which has become due and payable from the contractor to the Government under this contract, such amount shall bear interest commencing 30 days after the receipt of such demand at the rate which has been established by the Secretary of the Treasury pursuant to Public Law 91-41, Stat. 97.

3. Section 5A-7.102-75 is amended as follows:

§ 5A-7.102-75 Marking provisions.

MARKING PROVISIONS

(a) *Deliveries to civilian agencies.*—Unless otherwise specified, unit, intermediate and shipping container markings shall be in accordance with Federal Standard No. 123, issue in effect on date of the invitation for bids or solicitation for offers, and the commodity specification for the item. Special marking, if any, shall be as otherwise provided in the contract or as stated in purchase orders issued under the contract, all within the scope of the applicable provisions of Federal Standard No. 123. GSA Form 1400, Guide for Marking Shipments, illustrates the principal marking requirements for shipping containers as required by Federal Standard 123. Copies of GSA Form 1400 and Federal Standard No. 123, may be obtained from the office issuing the invitation or as indicated in the provision entitled "Copies of Government Specifications and Standards."

(b) *Deliveries to military agencies.*—Marking of shipments for delivery to military agencies shall be as otherwise specified in the contract or in purchase orders issued under the contract but, if not so specified, the interior packages and the exterior shipping containers shall be marked in accordance with Military Standard 129, issue in effect on date of the invitation for bids or solicitation for offers.

4. § 5A-7.102-76 is revised as follows:

§ 5A-7.102-76 Preservation, Packaging and Packing.

The following clause (included in GSA Form 1424) shall be included in all solicitations:

PRESERVATION, PACKAGING, AND PACKING

Unless otherwise specified, all items shall be packaged in accordance with Preservation and Packaging Level B, and packed in accordance with Packing Level B as defined in the applicable commodity specification. Where special or unusual packing is specified in an order, but not specifically provided for by contract, such packing details must be the subject of an agreement independently arrived at between the ordering agency and the Contractor.

5. Section 5A-7.103-84 is revised as follows:

§ 5A-7.103-84 Hazardous substances.

The following clause (included in GSA Form 1424) shall be included in all contracts that provide for packaged items

to the Federal Hazardous Substances Act and to Federal Standard 313:

HAZARDOUS SUBSTANCES

FEDERAL HAZARDOUS SUBSTANCES ACT—If the packaged items to be shipped under this contract are of a hazardous substance and ordinarily are intended or expected to be for use as a household item, the contract shall be subject to the Federal Hazardous Substances Act, as amended (15 U.S.C. 1261-1274), and Federal Standard No. 313, Marking for Shipment, Issue in effect on date of invitation for bids or solicitations for offers.

DATA SUBMISSION REQUIREMENT—Contractors must furnish "material safety data" as required by paragraphs 87.4 and 87.5 of Federal Standard 313, Symbols for Packaging and Containers for Hazardous Inorganic Chemicals and Materials, Issue in effect on date of invitation for bids or solicitations for offers.

PART 5A-16—PROCUREMENT FORMS

Subpart 5A-16.9—Illustrations of Forms

5A-16.950-1056 [Revised]

1. Section 5A-16.950-1056 is revised.

5A-16.950-1424 [Revised]

1. Section 5A-16.950-1424 is revised.

5A-16.954-1313 [Revised]

1. Section 5A-16.954-1313 is revised.

Form—Copies of the forms illustrated in Part 5A-16 are filed with the original document.

Doc. 306(c), 83 Stat. 390; 40 U.S.C. 486(c)

Effective date: These regulations are effective 60 days from the date shown below but may be observed earlier.

Dated: February 13, 1975.

M. J. TIMBERS,
Commissioner,
Federal Supply Service.

[FE Doc. 75-5592 Filed 3-3-75; 8:45 am]

87, 89, 91, and 93 are amended as set forth below.

Adopted: February 20, 1975.

Released: February 25, 1975.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] R. D. LICHTWARDT,
Acting Executive Director.

Parts 87, 89, 91, and 93 of Chapter I, 47 CFR, are amended as follows:

PART 87—AVIATION SERVICES

§ 87.5 [Amended]

1. In § 87.5, the definitions "Radio range station" and "Telemetry fixed station" are deleted.

§ 87.65 [Amended]

2. In § 87.65(a), the headnotes for subparagraphs (3) through (8) are amended by inserting a dash between the word "Band" and the frequencies specified. Subparagraph (4) is further amended by substituting the word "to" for the dash between the frequencies 29.7 and 100 MHz.

§ 87.79 [Amended]

3. In § 87.79 (a), (b), and (c), reference is made to Part 2, Subpart J, in lieu of Part 2, Subpart F.

§ 87.183 [Amended]

4. In § 87.183, paragraph (m) is deleted and shown as "Reserved."

§ 87.235 [Amended]

5. In § 87.235, the last sentence which reads, "The general mobile service, as proposed, may also be available for use aboard aircraft," is deleted.

§ 87.463 [Amended]

6. In § 87.463, the introductory text is amended by substituting the words "Aviation Services" for "aeronautical fixed service."

PART 89—PUBLIC SAFETY RADIO SERVICES

§ 89.55 [Amended]

7. In § 89.55(b), the words "at the Commission's Washington, D.C., office until January 1, 1973; after January 1, 1973, the form is to be filed" are deleted.

8. In § 89.60, paragraph (a) is revised to read as follows:

§ 89.60 Use of FCC Form 425.

(a) Separate applications on FCC Form 425, in lieu of Form 400, shall be submitted by the following persons:

(1) Applicants proposing to operate new base, mobile, and fixed stations on frequencies below 950 MHz (excluding applications in the Industrial Radiolocation Service) in the Chicago, Ill., Regional Area defined in paragraph (b) of this section, and applicants proposing to modify, renew, or assign existing authorizations for such stations located in the Chicago Region. Such applications

shall be submitted to the Commission's Chicago Regional Office, 1550 Northwest Highway, Room 411, Park Ridge, Illinois, 60068.

(2) Applicants proposing to operate base, mobile, or fixed stations on frequencies in the band 470-512 MHz within 50 miles of the center of the following twelve urbanized areas:

1. Boston, Mass.
2. Cleveland, Ohio.
3. Dallas, Tex.
4. Detroit, Mich.
5. Houston, Tex.
6. Los Angeles, Calif.
7. Miami, Fla.
8. New York-Northeast New Jersey.
9. Philadelphia, Pa.
10. Pittsburgh, Pa.
11. San Francisco-Oakland, Calif.
12. Washington, D.C.-Maryland-Virginia.

§ 89.103 [Amended]

9. In § 89.103, the table in paragraph (a) is amended by deleting footnote 3, and showing it as reserved.

§ 89.107 [Amended]

10. In § 89.107, the table in paragraph (b) (2) is amended by deleting footnotes 2 and 3.

§ 89.111 [Amended]

11. In § 89.111, the note to paragraph (a) is amended by deleting the words "filed on or after April 17, 1967."

§ 89.121 [Amended]

12. In § 89.121, the first sentence is amended by deleting the words "beginning July 20, 1961."

PART 91—INDUSTRIAL RADIO SERVICES

§ 91.8 [Amended]

13. In § 91.8(k), the first sentence is amended by deleting the words "a construction permit to construct a new station".

§ 91.54 [Amended]

14. In § 91.54(b), the second sentence is amended by deleting the words "Commission's Washington, D.C. office until January 1, 1973; after January 1, 1973, the form is to be filed at the".

15. Section 91.57(a) is revised to read as follows:

§ 91.57 Use of FCC Form 425.

(a) Separate applications on FCC Form 425, in lieu of Form 400, shall be submitted by the following persons:

(1) Applicants proposing to operate new base, mobile, and fixed stations on frequencies below 950 MHz (excluding applications in the Industrial Radiolocation Service) in the Chicago, Ill., Regional Area defined in paragraph (b) of this section, and applicants proposing to modify, renew, or assign existing authorizations for such stations located in the Chicago Region. Such applications shall be submitted to the Commission's Chicago Regional Office. The address of

the Regional Office is: Chicago Regional Office, 1550 Northwest Highway, Rm. 411, Park Ridge, Illinois 60068.

(2) Applicants proposing to operate base, mobile, or fixed stations on frequencies in the band 470-512 MHz within 50 miles of the center of the following twelve urbanized areas:

1. Boston, Mass.
2. Cleveland, Ohio.
3. Dallas, Tex.
4. Detroit, Mich.
5. Houston, Tex.
6. Los Angeles, Calif.
7. Miami, Fla.
8. New York-Northeast New Jersey
9. Philadelphia, Pa.
10. Pittsburgh, Pa.
11. San Francisco-Oakland, Calif.
12. Washington, D.C.-Maryland-Virginia.

§ 91.104 [Amended]

16. In § 91.104, the table in paragraph (b) (2) is amended by deleting footnotes 2 and 3.

§ 91.106 [Amended]

17. In § 91.106, the note to paragraph (a) is amended by deleting the words "filed on or after April 17, 1967."

§ 91.111 [Amended]

18. In § 91.111(a), the first sentence is amended by deleting the words "beginning July 20, 1961."

§ 91.252 [Amended]

19. In § 91.252, the first sentence of paragraph (c) is amended by substituting the word "directly" for the word "direct" between the words "natural gas" and "to consumers".

PART 93—LAND TRANSPORTATION RADIO SERVICES

§ 93.54 [Amended]

20. In § 93.54(b), the second sentence is amended by deleting the words "at the Commission's office until January 1, 1973; after January 1, 1973, the form is to be filed".

21. Section 93.57(a) is revised to read as follows:

§ 93.57 Use of FCC Form 425.

(a) Separate applications on FCC Form 425, in lieu of Form 400, shall be submitted by the following persons:

(1) Applicants proposing to operate new base, mobile, and fixed stations on frequencies below 950 MHz (excluding applications in the Industrial Radiolocation Service) in the Chicago, Ill., Regional Area defined in paragraph (b) of this section, and applicants proposing to modify, renew, or assign existing authorizations for such stations located in the Chicago Region. Such applications shall be submitted to the Chicago Regional Office, 1550 Northwest Highway, Rm. 411, Park Ridge, Illinois 60068.

(2) Applicants proposing to operate base, mobile, or fixed stations on frequencies in the band 470-512 MHz within 50 miles of the center of the following twelve urbanized areas:

1. Boston, Mass.
2. Cleveland, Ohio.

3. Dallas, Tex.
4. Detroit, Mich.
5. Houston, Tex.
6. Los Angeles, Calif.
7. Miami, Fla.
8. New York-Northeast New Jersey
9. Philadelphia, Pa.
10. Pittsburgh, Pa.
11. San Francisco-Oakland, Calif.
12. Washington, D.C.-Maryland-Virginia.

§ 93.106 [Amended]

22. In § 93.106, the note to paragraph (a) is amended by deleting the words "filed on or after April 17, 1967."

§ 93.111 [Amended]

23. In § 93.111, the first sentence is amended by deleting the words "beginning July 20, 1961."

[FR Doc. 75-5674 Filed 3-3-75; 8:45 am]

Title 49—Transportation

CHAPTER II—FEDERAL RAILROAD ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

PART 215—RAILROAD FREIGHT CAR SAFETY STANDARDS

Civil Penalties

The Federal Railroad Administration (FRA) is adding a new Appendix D to Part 215 to reflect a policy determination made by FRA in carrying out the duties and responsibilities contained in section 209 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 433) and delegated to the Federal Railroad Administrator by the Secretary of Transportation (49 CFR 1.49(n)). Section 209 provides, in pertinent part, "(t)he Secretary (Administrator) shall . . . make applicable to any railroad safety rule, regulation, order or standard issued under this title a civil penalty for violation thereof, in such amount, not less than \$250 nor more than \$2,500, as he deems reasonable."

Section 215.19 (49 CFR 215.19) provides that a violation of any requirement of Part 215 is subject to a civil penalty of at least \$250 but not more than \$2,500, with each day the violation continues being treated as a separate offense. The addition of Appendix D is based upon a consideration by the FRA of the seriousness of noncompliance by a railroad with one or more of the particular sections established in Part 215. The basic penalty which would be assessed for a violation ranges from \$500 to \$1,000, depending upon the section which is violated. Additionally, each rule or part of a rule is subject to a penalty between \$1,000 and \$2,500 for a hazardous violation. For the purposes of this section, a hazardous violation is defined as one involving an immediate hazard of death or injury, or where an actual accident, death or injury results from the violation. The Administrator also specifically reserves the authority to assess the maximum penalty of \$2,500 for a violation of any section or subsection of Part 215. The authority to so assess the maximum penalty would be used in cases where a railroad was found to repeatedly be in violation of the requirements of Part 215 without taking the necessary corrective action. The

Administrator may also levy the maximum penalty in those instances where an extremely serious accident results from noncompliance with the provisions of Part 215.

As provided in section 209 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 433), the FRA will attempt to settle these claims administratively, using procedures similar to those established under the Federal Claims Collection Act (31 U.S.C. 951-953), before transmitting the case to the Attorney General. H.R. Rep. No. 1194, 91st Cong., 2d Sess. (1970). In no case, however, will a claim be compromised for less than \$250, with again each day the violation continues constituting a separate offense, as provided in paragraph (b) of § 215.19.

As provided above, the addition of Appendix D is a statement of policy by the FRA. Therefore, in accordance with the provisions of section 553 of the Administrative Procedure Act (5 U.S.C. 553), notice and public procedures are not required and this amendment may be made effective in less than 30 days after publication.

In 49 CFR, Chapter II, Part 215 is amended by adding a new Appendix D to the Part as follows:

APPENDIX D—Schedule of civil penalties

	Violation	Maximum penalty
Subpart A—General:		
215.5—Definitions	1,000	2,500
215.7—Responsibility for defective cars	1,000	2,500
215.9—Movement of defective cars for repair	750	1,000
215.11—Stenelling	750	1,000
215.15—Designation of qualified persons	500	1,000
Subpart B—Inspection:		
215.23—Safety inspection required	1,000	2,500
215.25—Periodic inspection required	1,000	2,500
215.27—Periodic inspection; suspension and draft systems	1,000	2,500
Subpart C—Wheels:		
215.45—Defective wheels	1,000	2,500
215.45—Defective wheel sets	1,000	2,500
Subpart D—Axles:		
215.53—Defective axles	1,000	2,500
215.55—Defective plain bearing journals	1,000	2,500
Subpart E—Journal bearings:		
215.53—Defective plain bearing boxes	750	1,000
215.55—Defective journal lubricating system:		
Lubrication pad missing	1,000	2,500
(a) to (f)	750	1,000
215.57—Plain bearings and wedge missing	1,000	2,500
215.59—Defective plain bearing (Dislocation)	1,000	2,500
(a) and (b)	1,000	2,500
(c) to (h)	750	1,000
215.91—Defective plain bearing wedge:		
(Dislocation)	1,000	2,500
(a)	1,000	2,500
(b) to (d)	750	1,000
215.93—Defective roller bearings:		
(a)	1,000	2,500
(b) (1)	1,000	2,500
(b) (2) to (4)	750	1,000
(b) (5)	1,000	2,500
215.95—Defective roller bearing adapters:		
(a) and (b)	1,000	2,500
(c) to (e)	750	1,000
215.97—Plain bearing boxes:		
(a)	750	1,000
(b) (1) to (7)	1,000	2,500
215.99—Roller bearings:		
(a)	750	1,000
(b) to (d)	1,000	2,500

Violations Hazardous violation

Part 571-Other truck Com-		
571.10-Defective car trucks-		
(a) to (4) (1).....	1,000	2,500
(2).....	750	1,500
(3) to (4) (2).....	1,000	2,500
571.11-Defective car bodies:		
(a) Loaded or empty.....	1,000	2,500
571.12-Couplers:		
(a) Defective couplers; gen-		
erally.....	750	1,500
(b) (1) to (2).....	1,000	2,500
(3) to (4).....	1,000	2,500
(5) to (6).....	750	1,500
(7) to (8).....	1,000	2,500
571.13-Defective knuckles:		
(a) and (b).....	750	1,500
(c) (1).....	1,000	2,500
(2) and (3).....	750	1,500
571.14-Defective uncoupling		
devices.....	1,000	2,500
(a).....	750	1,500
571.15-Defective interlocking		
brake on couplers.....	750	1,500
571.16-Defective draft ar-		
rangements:		
(a).....	1,000	2,500
(b).....	750	1,500
(c).....	1,000	2,500
(d).....	750	1,500
571.17-Defective cushioning		
devices.....	1,000	2,500
Part 571-Prohibited and re-		
stricted equipment:		
(a) Prohibited cars.....	1,000	2,500
(b) Restricted cars.....	750	1,500

Notes.—For the purposes of this appendix, a hazardous violation is one involving an immediate hazard of death or injury, or when an actual accident, death or injury results from the violation. The Administrator reserves the authority to assess the maximum penalty for a violation of any section or subsection contained in Part 571. (Secs. 302, 309, 84 Stat. 971, 975 (45 U.S.C. 601, 606); 1.49(n), Regulations of the Office of the Secretary of Transportation, 49 CFR 1.49(n)).

In consideration of the foregoing, effective immediately Part 215 of Title 49 of the Code of Federal Regulations is amended as set forth above.

Issued in Washington, D.C. on February 24, 1975.

ASAPH H. HALL,
Deputy Administrator.

[FR Doc. 75-5374 Filed 3-3-75; 8:45 am]

CHAPTER V—NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

[Docket No. 74-10; Notice 14]

PART 571—FEDERAL MOTOR VEHICLE SAFETY STANDARDS

Air Brake Systems

This notice amends Standard No. 121, air brake systems, 49 CFR 571.121, to exempt a small category of oversize and construction vehicles from the applicability of the standard. The exemption criteria were proposed in a January 28, 1975, notice (40 FR 4153), which expanded the criteria for this specialized vehicle category in response to comments on an earlier exemption proposal (39 FR 40168, November 14, 1974).

In making the proposal, the NHTSA tentatively determined that the specialized configuration of this small category makes compliance with the standard so difficult and expensive that an exemption from the standard would be justified. It was noted that the vehicle function in these cases generally results in

restricted operation on the highway (e.g., at low speed, in permit operation, or during daylight hours) and that as a result vehicle exposure on the highway is limited.

The NHTSA proposed a series of criteria intended to comprehensively identify vehicles with these characteristics. Permanent exemption would be granted to any vehicle that has (1) an overall vehicle width of 108 inches or more, (2) a speed attainable in 2 miles of not more than 35 mph, (3) a speed attainable in 2 miles of not more than 45 mph, all-wheel drive, and no cargo- or passenger-carrying capacity, (4) an axle that has a GAWR of 29,000 pounds or more, (5) two or more front steerable axles with a GAWR of 16,000 pounds or more for each axle; or (6) a steerable drive axle driven through gear reduction contained within the wheel.

Three of the numbered criteria ((3), (5), and (6)) were intended to describe the lighter and more maneuverable vehicles whose drive axle configuration or high center of gravity make conformity with the standard expensive and difficult. An example of this vehicle type is the large, carrier-mounted mobile crane. Based on submitted comments, it appears that these criteria should be combined as a single compound criterion in order to avoid inequities in the applicability of the standard. Specifically, either of the criteria numbered (5) or (6) could, of itself, permit heavy or cargo-carrying vehicles on the highway at unlimited speed without 121-type brakes while far smaller vehicles would be subject to the regulation. To accomplish the rearrangement, the exception criteria numbered (3), (5), and (6) are combined in a new category (d) to require for this exception that an excepted vehicle have a speed attainable in 2 miles of not more than 45 mph, no cargo- or passenger-carrying capacity, and either (1) all-wheel drive, (2) a steerable drive axle driven through gear reduction contained within the wheel, or (3) two or more front steerable axles.

It is recognized that total withdrawal of the 16,000-pound tandem steerable axle exemption would make those vehicles with an unlimited highway speed unavailable until the axles are developed or the vehicle speed is reduced to 45 mph. Therefore the NHTSA will make final its proposed 16,000-pound exemption, but only for the interim period until September 1, 1976.

With regard to the 45-mph maximum speed criterion, FMC Corporation suggested that the speed be raised somewhat to ensure that vehicles excepted on this criterion can use the interstate highway system. The NHTSA does not agree that it should encourage use on the interstate system of large, high-center-of-gravity vehicles that are not subject to a minimum braking standard. Accordingly, FMC's request is denied.

Little comment was received on the other criteria. Ford Motor Company suggested a 24,000-pound figure in place of the 29,000-pound proposal. For reasons cited in the January proposal in response

to an identical request by Mack this request is denied.

To the degree that this amendment does not grant the requests for exemption raised by Marmon Transmotive in its December 23, 1974, letter to the Administrator, that petition is denied.

In consideration of the foregoing, Standard No. 121 (49 CFR 571.121) is amended as follows:

1. S3. is revised to read:

§ 571.121 [Amended]

S3. *Application.* This standard applies to trucks, buses, and trailers equipped with air brake systems. However, it does not apply to a fire fighting vehicle manufactured before September 1, 1975, or a heavy hauler trailer manufactured before September 1, 1976, or to any vehicle manufactured before September 1, 1976, that has a gross axle weight rating (GAWR) for any axle of 24,000 pounds or more, two or more front steerable axles with a GAWR of 16,000 pounds or more for each axle, or to any vehicle which, in combination with another vehicle, constitutes a part of an "auto transporter" as defined in S4. In addition, the standard does not apply to any vehicle that meets any one of criteria (a) through (d), as follows:

- An overall vehicle width of 108 inches or more;
- An axle that has a GAWR of 29,000 pounds or more;
- A speed attainable in 2 miles of not more than 35 mph; or
- (1) A speed attainable in 2 miles of not more than 45 mph; and
(2) No cargo- or passenger-carrying capacity; and
(3) Either —
(i) All-wheel drive;
(ii) A steerable drive axle driven through gear reduction contained within the wheel; or
(iii) Two or more front steerable axles.

2. S4. is amended by the addition of a new definition following "Auto transporter" to read:

"Speed attainable in 2 miles" means the speed attainable by accelerating at maximum rate from a standing start for 2 miles on a level surface.

3. Section 571.3 of Part 571 is amended by addition of a new definition following "Outboard designated seating position" to read:

§ 571.3 Definitions.

"Overall vehicle width" means the nominal design dimension of the widest part of the vehicle, exclusive of signal lamps, marker lamps, outside rearview mirrors, flexible fender extensions, and mud flaps, determined with doors and windows closed and the wheels in the straight-ahead position.

Effective date: March 1, 1975. Because these amendments relieve a restriction and because of the imminence of the standard's effective date, it is found for

good cause shown that an effective date sooner than 30 days from the date of their publication in the FEDERAL REGISTER is in the public interest.

(Sec. 103, 119, Pub. L. 89-563, 80 Stat. 718 (15 U.S.C. 1392, 1407); delegation of authority at 49 CFR 1.51.)

Issued on February 28, 1975.

JAMES B. GREGORY,
Administrator.

[FR Doc.75-5835 Filed 2-28-75;4:16 pm]

Title 50—Wildlife and Fisheries

CHAPTER 1—U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

PART 33—SPORT FISHING

Lacreek National Wildlife Refuge, South Dakota

The following special regulation is issued and is effective March 4, 1975.

§ 33.5 Special regulations; sport fishing, for individual wildlife refuge areas.

SOUTH DAKOTA

LACREEK NATIONAL WILDLIFE REFUGE

Public sport fishing by rod and reel or pole on Lacreek National Wildlife Refuge is permitted on Cedar Creek Ponds #1, 2, and 3 designated by signs as open to fishing in accordance with applicable state regulations subject to the following special conditions:

(1) The season for fishing on Cedar Creek Ponds 1, 2, and 3 extends from April 1 through October 15, 1975, daylight hours only.

(2) The use of boats and the use of live minnows as bait, on the refuge portion of Cedar Creek are prohibited.

(3) Public fishing on Lacreek National Wildlife Refuge may be closed by the manager whenever access roads are impassable, refuge wildlife need further

protection from disturbance, or good refuge management dictates that the area be closed to the public.

The open fishing areas are shown on maps available at Lacreek National Wildlife Refuge Headquarters, Martin, SD 57551 or Area Office, U.S. Fish and Wildlife Service, Federal Building, Pierre, SD 57501.

The provisions of this special regulation supplement the regulations which govern fishing on national wildlife refuges generally which are set forth in Title 50, Code of Federal Regulations, Part 33, and are effective through October 31, 1975.

HAROLD H. BURGESS,
Refuge Manager, Lacreek National Wildlife Refuge, Martin, South Dakota.

FEBRUARY 24, 1975.

[FR Doc.75-5802 Filed 3-3-75;8:45 am]

proposed rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE TREASURY

Customs Service

[19 CFR Part 1]

CUSTOMS FIELD ORGANIZATION

Proposed Change in Customs Region VI

In order to provide better Customs service in the Laredo, Texas, Customs district, it is proposed to establish a Customs port of entry at Lubbock, Texas.

Accordingly, by virtue of the authority vested in the President by section 1 of the Act of August 1, 1914, 38 Stat. 623, as amended (19 U.S.C. 2), and delegated to the Secretary of the Treasury by Executive Order No. 10289, September 17, 1951 (3 CFR Ch. II), and pursuant to authority provided by Treasury Department Order No. 190, Rev. 10 (40 FR 2116), Lubbock, Texas, is hereby proposed as a port of entry in the Laredo, Texas, Customs district (Region VI).

The geographical limits of the proposed port of entry will include the area within the corporate limits of the city of Lubbock, Texas.

Data, views, or arguments with respect to the foregoing proposal may be addressed to the Commissioner of Customs, Attention: Regulations Division, Washington, D.C. 20229. To insure consideration, communications must be received not later than April 3, 1975.

Written material or suggestions submitted will be available for public inspection in accordance with § 103.8(b) of the Customs Regulations (19 CFR 103.8(b)), at the Regulations Division, Headquarters, United States Customs Service, Washington, D.C., during regular business hours.

Dated: February 21, 1975.

(SRL) DAVID R. MACDONALD,
Assistant Secretary of the Treasury.
(FR Doc. 75-5629 Filed 3-3-75; 8:45 am)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

[45 CFR Part 103]

BILINGUAL VOCATIONAL TRAINING

Grant and Contract Awards

Pursuant to the authority contained in sections 191 through 197 of the Vocational Education Act of 1963, as amended (20 U.S.C. 1393 through 1393f), the Commissioner of Education, with the approval of the Secretary of Health, Education, and Welfare, and the Secretary of Labor, proposes to amend Part 103 of Title 45 of the Code of Federal Regulations to add a new Subpart E to reflect the amendments to the Vocational Edu-

cation Act added by section 841 of the Education Amendments of 1974, Pub. L. 93-380.

1. **Program Purpose.** Section 191 through 197 of the Vocational Education Act of 1963, as amended (20 U.S.C. 1393 through 1393f), provides that the Commissioner of Education may award grants and contracts to eligible applicants in order to develop bilingual vocational training programs. The available funds will serve a dual purpose: (a) To make available new bilingual vocational training programs to persons of limited English-speaking ability; and (b) assist such persons in their pursuit of vital occupational categories. The grants and contracts will be awarded by the U.S. Commissioner of Education in accordance with the criteria established by the Commissioner. Eligible applicants may include local educational agencies, State boards for vocational education, postsecondary educational institutions, private nonprofit vocational training institutions and nonprofit organizations especially created to serve a group whose language as normally used is other than English. Private for-profit agencies and organizations are only eligible for contracts.

In addition to a proposed new Subpart E to the regulations, 45 CFR Part 103, two new definitions are proposed for § 103.3. Also, a change is proposed in § 103.1 in order to modify the paragraph on applicability of the regulations to include the reference to the new program added by the new Part J of the Vocational Education Act.

2. **Written Comments.** Interested persons are invited to submit written comments, suggestions or objections regarding such proposed additional criteria to the Division of Vocational and Technical Education, U.S. Office of Education, 7th & D Streets SW., Room 5130, ROB No. 3, Washington, D.C. 20202. Comments received in response to this notice will be available for public inspection at the above address on Mondays through Fridays between 8:30 a.m. and 4 p.m. All relevant materials must be received not later than April 3, 1975.

(Catalog of Federal Domestic Assistance No. 13.558 Bilingual Vocational Training)

Dated: January 24, 1975.

T. H. BELL,
U.S. Commissioner of Education.

Approved: February 24, 1975.

CASPAR W. WEINBERGER,
Secretary of Health,
Education, and Welfare.

Approved: February 7, 1975.

PETER J. BRENNAN,
Secretary of Labor.

Proposed regulations to amend Part 103 to incorporate Part J, Bilingual Vocational Training, Pub. L. 93-380.

1. Section 103.1 is revised to read as follows:

§ 103.1 Applicability.

The regulations to this part apply to grants and contracts made by the U.S. Commissioner of Education for research and training programs under section 131(a) of Part C, for exemplary programs and projects under section 142(c) of Part D, for curriculum development programs under section 189 of Part I, and for bilingual vocational training under section 191 of Part J of the Vocational Education Act of 1963, as amended.

2. Two new definitions are added to § 103.3 to read as follows:

§ 103.3 Definitions.

"Bilingual vocational training" means training or retraining which is conducted as part of a program designed to prepare individuals of limited English-speaking ability for gainful employment as semi-skilled or skilled workers or technicians or subprofessionals in recognized occupations and in new and emerging occupations, but excluding any program to prepare individuals for employment in occupations which the Commissioner determines, and specifies, by regulation, to be generally considered professional which requires a baccalaureate or higher degree; bilingual vocational training includes guidance and counseling (either individually or through group instruction) in connection with such training or for the purpose of facilitating occupational choices; instruction related to the occupation or occupations for which the students are in training or instruction necessary for students to benefit from such training; the training of persons engaged as, or preparing to become, instructors in a bilingual vocational training program; travel of students and vocational training personnel while engaged in a bilingual vocational training program; and the acquisition, maintenance, and repair of instructional supplies, aids, and equipment, but such term does not include the construction, acquisition, or initial equipment of buildings or the acquisition or rental of land. (20 U.S.C. 1248(14))

"Postsecondary educational institution" means a nonprofit institution legally authorized to provide postsecondary education within a State for persons sixteen years of age or older, who have graduated or left elementary or secondary school.

(20 U.S.C. 1248(15))

3. A new Subpart E is added to read as follows:

Subpart E—Bilingual Vocational Training

Sec.

- 103.41 Purpose.
- 103.42 Eligible programs and projects.
- 103.43 Eligible applicants.
- 103.44 Applications for grants or contracts.
- 103.45 Review of applications.
- 103.46 Criteria.

Subpart E—Bilingual Vocational Training

§ 103.41 Purpose.

In order to insure that vocational training programs are available to persons in all communities of the United States whose language as normally used is other than English, and in order to find new ways to assist such persons to fill the critical need for more and better trained personnel in occupational categories vital to both the persons and the economy, funds available to the Commissioner pursuant to Part J of the Act may be used for making grants or contracts for bilingual vocational training programs.

(20 U.S.C. 1393)

§ 103.42 Eligible programs and projects.

Funds available under section 193 of Part J of the Act may be used by the Commissioner to award grants or contracts for the cost of developing and operating programs or projects designed to carry out the purpose set forth in § 103.41 in an amount equal to the total sums expended by the applicant for the purposes set forth in that application. Such programs include:

(a) Bilingual vocational training programs for persons who have completed or left elementary or secondary school and who are available for training programs by the agencies and institutions enumerated in § 103.43;

(b) Bilingual vocational training programs for persons who have already entered the labor market and who desire or need training or retraining to achieve year-round employment, adjust to changing manpower needs, expand their range of skills, or advance in employment; and

(c) Training allowances for participants in bilingual vocational training programs subject to the same conditions and limitations as set forth in the Department of Labor Regulations 29 CFR § 95.34.

(20 U.S.C. 1393(d))

§ 103.43 Eligible applicants.

(a) The following categories of agencies or institutions are eligible for grants or contracts under this subpart:

- (1) Local educational agencies;
- (2) State educational agencies;
- (3) Postsecondary educational institutions;
- (4) Private nonprofit vocational training institutions; and
- (5) Nonprofit educational or training organizations especially created to serve

a group whose language as normally used is other than English.

(b) Private for-profit agencies and organizations are only eligible for contracts.

(20 U.S.C. 1393(c))

§ 103.44 Applications for grants or contracts.

(a) All applications shall be submitted to the Commissioner through the State board and shall include the comments of the State board.

(b) Each application shall:

(1) Provide that the activities and services for which assistance under this part is sought will be administered by or be under the supervision of the applicant; and

(2) Set forth a program of such size, scope and design as will make a substantial contribution toward carrying out the programs described in § 103.42.

(20 U.S.C. 1393(e))

§ 103.45 Review of applications.

(a) The Commissioner of Education will not approve any application for a grant or contract under this subpart until:

(1) Such application has been reviewed in accordance with such procedures as the Commissioner may establish; and

(2) Such review will take into account the requirements set forth in § 103.44(b).

(b) Where feasible the Commissioner should consult with the State board to achieve equitable distribution of assistance in the State.

(20 U.S.C. 1393(f))

§ 103.46 Criteria.

Criteria for the selection of applicants shall be those set forth in § 100a.26(b) of this chapter and those in Appendix D to this part.

4. Appendix D is added to read as follows:

APPENDIX D—BILINGUAL VOCATIONAL TRAINING PROGRAMS CRITERIA FOR FISCAL YEAR 1975

In granting of awards from funds available for the program, the Commissioner will give priority to applications which rank highest on the basis of the criteria in the Office of Education's General Provisions Regulations (45 CFR 100a.26(b)) together with the additional criteria in this Appendix. Certain points will be given to applications which propose programs in the priority areas described below.

A. *Program Priority.* Priority will be given to bilingual vocational training programs or projects which serve persons:

(a) Who have left or completed elementary or secondary school;

(b) Who are of limited English-speaking ability;

(c) Who, because of this handicap, are unable to be employed in gainful employment suited to their needs, interests and abilities; and

(d) Who are from areas having a concentration of persons of limited English-speaking ability higher than the national average.

B. *Application review criteria.* Criteria will be utilized by the reviewers in reviewing formally transmitted applications in Fiscal

Year 1975. These criteria are consistent with § 100a.26, Review of Applications, in the Office of Education's General Provisions Regulations, published on November 6, 1974 at 39 FR 30654 (45 CFR 100a.26(b)). Segments or a segment of the application must address each criterion area. Each criterion is weighted and includes the maximum score that can be given to a segment of an application in relation to the criteria. The criteria and maximum weights for each criterion are as follows:

Criteria:

Maximum score

- (1) *Priority Area*—Application is focused on the announced priority area. 15
- (2) *Need*—Application clearly defines the needs for the project or program and delineates the training required to be responsive to those needs. 15
- (3) *Objectives*—The objectives of the proposed project or program are sharply defined, clearly stated, capable of being attained by the proposed procedures and provisions are made for adequate evaluation of the project or program. 15
- (4) *Plan*—The application clearly describes the general scope and design for the project or program. The procedures specify in detail how each objective will be accomplished, and an adequate project management plan is available. If appropriate, include inservice training, evaluation procedures and dissemination plans. 20
- (5) *Results*—The proposed results of the training are identified and described. 10
- (6) *Personnel*—The qualifications and experience of personnel are appropriate for the proposed project or program. 10
- (7) *Institutional Commitment*—The application shows reasonable evidence of commitment to provide adequate curriculum facilities, equipment and provides documented assurance of support from cooperating institutions and agencies when necessary for project or program success. 10
- (8) *Budget*—The estimated cost is reasonable in relation to anticipated results, and the size, scope, and duration of the project or program are reasonable. 10

[FR Doc. 75-5705 Filed 3-3-75; 8:45 am]

Social and Rehabilitation Service

[45 CFR Part 249]

**MEDICAL ASSISTANCE PROGRAMS
Intermediate Care Facilities Residents' Rights**

Notice is hereby given that the regulations set forth in tentative form below are proposed by the Administrator, Social and Rehabilitation Service, with the approval of the Secretary of Health, Education, and Welfare. The proposed regulations add a requirement for the recognition and the maintenance of the rights of residents in facilities wishing

to participate as intermediate care facilities under the Medicaid program (title XIX, Social Security Act).

These regulations parallel the patients' rights requirement established for skilled nursing facilities participating under the Medicaid program. They would require an intermediate care facility to establish policies to ensure that certain enumerated rights are afforded to residents. The provision is intended to assure that the manner in which the personnel of a facility and individual practitioners who render treatment in such facility relate to individuals receiving care there promotes the physical and emotional well-being of the resident. The Department recognizes that resident health and responsiveness to treatment are frequently linked to "resident rights," such as the right to be treated with dignity, to be involved in making decisions about oneself, and to maintain contact with the community.

Prior to the adoption of the proposed regulations, consideration will be given to any comments, suggestions, or objections thereto which are received in writing by the Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare, P.O. Box 2366, Washington, D.C. 20013, on or before April 1, 1975. Comments received will be available for public inspection in Room 3128 of the Department's offices at 330 C Street SW., Washington, D.C., on Monday through Friday of each week from 9:30 a.m. to 5 p.m. (area code 202-245-0850).

(Section 1102, 49 Stat. 647 (42 U.S.C. 1302))

(Catalog of Federal Domestic Assistance Program No. 13.714, Medical Assistance Program)

Dated: December 10, 1974.

JAMES S. DWIGHT, Jr.,
Administrator, Social and
Rehabilitation Service.

Approved: February 24, 1975.

CASPAR W. WEINBERGER,
Secretary.

Part 249, Chapter II, Title 45, Code of Federal Regulations, is amended as set forth below:

1. Section 249.12(a) (1) (ii) and (c) (6) are revised to read as follows:

§ 249.12 Standards for intermediate care facilities.

(a) (1)
(ii) There are written policies and procedures available to staff, residents and the public which:

(A) Govern all areas of service provided by the facility;

(i) Admission, transfer, and discharge of residents policies shall assure that:

(i) Only those persons are accepted whose needs can be met by the facility directly or in cooperation with community resources or other providers of care with which it is affiliated or has contracts;

(ii) As changes occur in their physical or mental condition, necessitating service or care which cannot be adequately pro-

vided by the facility, residents are transferred promptly to hospitals, skilled nursing facilities, or other appropriate facilities; and

(iii) Except in the case of an emergency, the resident, his next of kin, attending physician, and the responsible agency, if any, are consulted in advance of the transfer or discharge of any resident, and casework services or other means are utilized to assure that adequate arrangements exist for meeting his needs through other resources; and

(2) Policies define the uses of physical restraints, the staff members who must authorize their use, and a mechanism for monitoring and controlling their use;

(B) Ensure that each resident admitted to the facility:

(1) Is fully informed of his rights and responsibilities as a resident and of all rules and regulations governing resident conduct and responsibilities. Such information must be provided prior to or at the time of admission or, in the case of residents already in the facility, upon the facility's adoption or amendment of patient right policies, and its receipt must be acknowledged by the resident in writing;

(2) Is fully informed, prior to or at the time of admission and during stay, of services available in the facility, and of related charges including any charges for services not covered under the title XIX program or not covered by the facility's basic per diem rate;

(3) Is fully informed, by his physician, of his health and medical condition unless medically contraindicated (as documented by his physician in his resident record), and is afforded the opportunity to participate in the planning of his health care and medical treatment and to refuse to participate in experimental research;

(4) Is transferred or discharged only for medical reasons or for his welfare or that of other patients, or for nonpayment for his stay (except as prohibited by the title XIX program);

(5) Is encouraged and assisted, throughout his period of stay, to exercise his rights as a resident and as a citizen, and to this end may voice grievances and recommend changes in policies and services to facility staff and/or to outside representatives of his choice, free from restraint, interference, coercion, discrimination, or reprisal;

(6) May manage his personal financial affairs, and to the extent that the facility assists in such management that it is carried out in accordance with paragraph (a) (1) (iii) of this section;

(7) Is free from mental and physical abuse, and free from chemical and (except when necessary to protect the resident from injury to himself or others) physical restraints, except as authorized in writing by a physician for a specified period of time, or in the case of a mentally retarded individual when authorized in writing by a physician or Qualified Mental Retardation Professional for use during behavior modification sessions;

(8) In the case of a mentally retarded individual, participates in a behavior modification program only with the consent of his parent or guardian;

(9) Is ensured confidential treatment of his personal and health and medical records, and may approve or refuse their release to any individual outside the facility, except in case of his transfer to another health care institution, or as authorized by Federal or State law;

(10) Is treated with consideration, respect, and full recognition of his dignity and individuality, including privacy in treatment and in care for his personal needs;

(11) Is not required to perform services for the facility that are not included for therapeutic purposes and documented in his plan of care;

(12) May associate and communicate privately with persons of his choice, and send and receive his personal mail unopened;

(13) May meet with, and participate in activities of, social, religious, and community groups at his discretion, unless medically contraindicated (as documented by his physician in his resident record);

(14) May retain and use his personal clothing and possessions as space permits; and

(15) If married, is ensured privacy for visits by his/her spouse; if both are residents in the facility, they are permitted to share a room, unless medically contraindicated (as documented by the attending physician in the resident record).

(C) Provide that all rights and responsibilities in paragraph (a) (1) (ii) (B) (1) through (4) devolve to the resident's guardian, next of kin, or sponsoring agency(ies), where:

(1) a resident is adjudicated incompetent in accordance with State law; or

(2) his physician has made a documented finding that, because of mental impairment, the resident is incapable of understanding these rights.

(c)

(6) No later than three years after the effective date of these regulations the institution meets the standards specified in § 249.13. For institutions determined to meet the standards specified in § 249.13, the following sections of paragraphs (a) and (c) of this section do not apply: (a) (1) (i), (ii) (A), (iv), (v) and (vi); (a) (4); (a) (6) (i) (B), (iii), (v), (vi), (vii), and (viii); (a) (7); (a) (8); (c) (4); and (c) (5).

2. The introductory language to § 249.13 is revised to read as follows:

§ 249.13 Standards for intermediate care facility services in institutions for the mentally retarded or persons with related conditions.

Effective not later than 3 years after the effective date of these regulations, the standards for intermediate care facility services (as defined in § 249.10(b) (15)) in an institution for the mentally

retarded or persons with related conditions which are specified by the Secretary pursuant to section 1905 (c) and (d) of the Social Security Act and referred to in § 249.12(c) (6), are specified in this section. At such time as an institution is deemed to meet the standards contained in this section, such institution will no longer be required to meet the following provisions of § 249.12: (a) (1) (i), (ii) (A), (iv), (v) and (vi); (a) (4); (a) (6) (i) (B), (iii), (v), (vi), (vii) and (viii); (a) (7); (a) (8); (c) (4); and (c) (5).

[FR Doc.75-5704 Filed 3-3-75;8:45 am]

DEPARTMENT OF TRANSPORTATION

Coast Guard

[33 CFR Part 117]

[CGD 75 063]

DRAWBRIDGE OPERATION REGULATIONS

Wishkah River, Washington

At the request of the Washington State Highway Commission, the Coast Guard is considering amending the regulations for the Heron Street and Wishkah Street drawbridges across the Wishkah River in Aberdeen, Washington. Present regulations require the draws of these bridges to open on signal from 5 a.m. to 9 p.m. and to open on signal from 9 p.m. to 5 a.m. if at least 8 hours notice is given. The proposed regulation will require at least 1 hour's notice at all times. This proposal is being considered because of the decrease in marine traffic. The proposal also combines the two separate whistle calls, one for each bridge, to one whistle call to open both bridges. The Washington State Highway Commission will accept collect telephone calls and collect ship-to-shore calls requesting an opening. They will also maintain two-way voice radiotelephone equipment at the Chehalis River highway bridge between Aberdeen and South Aberdeen which will be manned at all times and will receive requests for openings.

Interested persons may participate in this proposed rule making by submitting written data, views, or arguments to the Commander (oan), Thirteenth Coast Guard District, 618 Second Avenue, Seattle, Washington 98104. Each person submitting comments should include his name and address, identify the bridge, and give reasons for any recommended change in the proposal. Copies of all written communications will be available for examination by interested persons at the office of the Commander, Thirteenth Coast Guard District.

The Commander, Thirteenth Coast Guard District, will forward any comments received before April 4, 1975, with his recommendations to the Chief, Office of Marine Environment and Systems, who will evaluate all communications received and take final action on this proposal. The proposed regulations may be changed in the light of comments received.

In consideration of the foregoing, it is proposed that Part 117 of Title 33 of

the Code of Federal Regulations be amended by revoking § 117.775(b) (6) and by revising § 117.775(b) (5) and § 117.810(f) (5) to read as follows:

In § 117.775 paragraph (b) (5) is revised and (b) (6) deleted.

§ 117.775 Grays Harbor and tributaries, Washington; bridges.

(b) Signals * * *

(5) State of Washington bridges over Wishkah River at Heron Street and at Wishkah Street: One long blast of whistle followed quickly by two short blasts.

(6) [Revoked]

In § 117.810 paragraph (f) (5) is revised as follows:

§ 117.810 Navigable waters in the State of Washington; bridges where constant attendance of draw tenders is not required.

(f) * * *

(5) Wishkah River; State of Washington bridges over Wishkah River at Heron Street and at Wishkah Street. The draws shall open on signal if at least one hour notice is given. The State Department of Highways shall accept collect telephone calls from vessels via the local marine telephone operator or long distance telephone. The State Department of Highways shall provide a two-way radiotelephone on the Chehalis River bridge which will be attended at all times. Vessels may place calls for the Wishkah River bridges through the Chehalis River bridge operator who shall monitor 21 82 Kz and switch to 27 38 Kz for communication.

(Sec. 5, 28 Stat. 362, as amended, sec. 6(g) (2), 80 Stat. 937; 33 U.S.C. 499, 49 U.S.C. 1655(g) (2); 49 CFR 1.46(c) (5), 33 CFR 1.05-1(c) (4)).

Dated: February 26, 1975.

R. I. PRICE,
Rear Admiral, U.S. Coast Guard,
Chief, Office of Marine Environment and Systems.

[FR Doc.75-5624 Filed 3-3-75;8:45 am]

Federal Aviation Administration

[14 CFR Part 71]

[Airspace Docket No. 75-EA-1]

TRANSITION AREA

Proposed Alteration and Designation

Correction

In FR Doc. 75-5052, appearing in the issue of Wednesday, February 26, 1975, on page 8217, the last three lines of the paragraph describing the transition area for Oswego, N.Y. should read as set forth below:

to longitude 75°00'00" W.; thence to latitude 43°32'00" N., longitude 76°23'00" W.; to latitude 43°24'00" N., longitude 76°40'00" W.; to point of beginning.

Federal Railroad Administration

[49 CFR Part 256]

INTERMODAL PASSENGER TERMINALS Procedures and Requirements Regarding Filing of Applications

The purpose of this notice is to propose an amendment to Title 49 of the Code of Federal Regulations establishing a new Part 256, which sets forth the procedures and requirements of the Federal Railroad Administration in connection with the filing of applications for assistance for the preservation and conversion of historic railroad passenger terminals under section 305(d) (1) (D) of the Rail Passenger Service Act (45 U.S.C. 545(d) (1) (D)) as amended by section 8 of the Amtrak Improvement Act of 1974 (Pub. L. 93-496) (the "Act"). The Act authorizes funds for:

(a) Promoting the conversion of not less than three (3) historically distinctive railroad passenger terminals into intermodal passenger terminals, on a feasibility demonstration basis;

(b) Preserving historic railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and

(c) Stimulating the development of plans for the conversion of railroad passenger terminals into intermodal passenger terminals, civic and cultural activity centers, or both.

The projects funded under this part are intended to:

(a) Demonstrate the capabilities of intermodal passenger terminals to provide a more effective means of passenger interchange among various modes of transportation;

(b) Demonstrate the advantages of joint use terminal facilities to carriers;

(c) Demonstrate a more comprehensive and effective network of energy efficient surface common carrier transportation services through improving interline, intermodal exchange at selected intermodal passenger terminals distinguished by coordinated information systems, schedules, and through ticketing and baggage handling;

(d) Evaluate user response to such coordinated interline, intermodal transportation services, and to joint carrier use of terminal facilities;

(e) Demonstrate the potential of underutilized railroad passenger terminals of historical and architectural distinction for improving intermodal passenger transportation services and for providing an appropriate focal point for civic and cultural activities;

(f) Stimulate local public and private investment, by transportation carriers and others, in improved intercity and local public transportation facilities and services;

(g) Encourage the preservation of railroad passenger terminals pending the formulation of plans for reuse; and

(h) Encourage the development of plans for the conversion of railroad passenger terminals into intermodal passenger terminals, civic and cultural activity centers, or both.

The Act establishes the program as a demonstration and test of the intermodal passenger terminal concept. Therefore, it is necessary to exercise a great degree of control over project selection and implementation in order to ensure that the demonstration results in a sufficiently varied range of projects on which to base future program decisions. Consequently, the criteria set forth in § 256.5 establish the threshold for eligibility, and satisfaction of those criteria does not assure funding. In selecting projects for funding, emphasis will be placed on obtaining a range of innovative and economically viable rail passenger terminal conversion projects.

Notice is hereby given that the Federal Railroad Administration proposes to amend Chapter VI of Title 49 of the Code of Federal Regulations by adding a new Part 256, setting forth the procedures and requirements for the filing of applications for assistance under section 305(d)(1)(I) of the Act. It is proposed to make the amendment as adopted effective on the date of its publication in the FEDERAL REGISTER.

Interested persons may participate in this proposed rulemaking by submitting written data, views, or comments to the Office of Chief Counsel, Federal Railroad Administration, 400 Seventh Street SW., Washington, D.C. 20590. All material received on or before April 15, 1975, will be considered by the Federal Railroad Administration before taking final action on the proposed amendment. All comments received will be available for examination by interested persons at any time during regular working hours in Room 5101, Nassif Building, 400 Seventh Street, SW., Washington, D.C. The proposals contained in this notice may be changed in light of comment received.

In consideration of the foregoing, it is proposed to amend Chapter VI of Title 49 of the Code of Federal Regulations by adding a new Part 256 as follows:

PART 256—FINANCIAL ASSISTANCE FOR RAILROAD PASSENGER TERMINALS

REGULATIONS GOVERNING APPLICATIONS FOR AND DISBURSEMENT OF FINANCIAL ASSISTANCE

- Sec. 256.1 Purpose.
- 256.2 Definitions.
- 256.3 Eligibility.
- 256.4 Financial assistance.
- 256.5 Preliminary applications.
- 256.6 Final applications.
- 256.7 Review and approval of applications.
- 256.8 Disbursement of financial assistance.

AUTHORITY: Section 305(d)(1)(I) of the Rail Passenger Service Act, 45 U.S.C. 545(d)(1)(I), as amended by section 6 of the Amtrak Improvement Act of 1974, Pub. L. 93-464; 149(f), Regulations of the Secretary of Transportation, 49 C.F.R. 1.49(1).

§ 256.1 Purpose.

The purpose of this part is to establish procedures for implementing subsection 305(d)(1)(I) of the Rail Passenger Service Act (45 U.S.C. 545(d)(1)(I)) with respect to all financial assistance provided under that section.

§ 256.3 Definitions.

As used in this part—
(a) "Act" means the Rail Passenger Service Act, as amended.

(b) "Administrator" means the Federal Railroad Administrator, or his delegate.

(c) "Allowable project costs" means those project costs for which Federal financial assistance may be expended under § 256.7.

(d) "Applicant" means a governmental entity, a non-profit public-purpose organization, or any responsible person having the legal, financial, and technical capacity to implement an intermodal passenger terminal project under this part. The applicant must have legal authority to receive and expend Federal funds.

(e) "Chairman" means the Chairman of the National Endowment for the Arts.

(f) "Civic and cultural activities" includes, but is not limited to, libraries, musical and dramatic presentations, art exhibitions, adult education programs, public meetings of community groups, convention visitors and others, and other public activities supported in whole or in part under Federal law.

(g) "Council" means the Advisory Council on Historic Preservation.

(h) "Demonstration funds" means funds authorized for the purpose set forth in paragraph (1)(A) of section 305(d)(1)(I) of the Act.

(i) "Intermodal passenger terminal" means an existing railroad passenger terminal which has been or may be modified as necessary to accommodate several modes of transportation, including intercity rail service and some or all of the following: intercity bus, commuter rail, intra-city rapid transit and bus transportation, airport limousine service and airline ticket offices, rent-a-car facilities, taxis, private parking, and other transportation services.

(j) "National Register" means the National Register of Historic Places maintained by the Secretary of the Interior.

(k) "Planning funds" means funds authorized for the purpose set forth in paragraph (1)(C) of section 305(d)(1)(I) of the Act.

(l) "Preservation funds" means funds authorized for the purpose set forth in paragraph (1)(B) of section 305(d)(1)(I) of the Act.

(m) "Project" means a locally sponsored, coordinated, and administered program, or any part thereof, to plan, finance, construct, maintain, or improve an intermodal passenger terminal, a civic or cultural activities center, or both, in an architecturally or historically distinctive railroad passenger terminal.

§ 256.5 Eligibility.

(a) *General.* A project is eligible for financial assistance under section 305(d)(1)(I) of the Act if:

(1) The applicant provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure

proper disbursement of and accounting for Federal financial assistance granted to the applicant under the Act; and

(2) The applicant complies with the regulations of the Administrator prescribed in this part, and with such other terms and conditions as may be included in the grant of assistance.

(b) *Demonstration funds.* A project is eligible for financial assistance in accordance with section 305(d)(1)(I)(2) of the Act if the Administrator determines that:

(1) The railroad passenger terminal can be converted to an intermodal passenger terminal;

(2) There exist sufficient commitments by Amtrak or other rail passenger carriers, and by interstate bus carriers, the local transit authority, or other public or private transportation operators, to provide service suitable for convenient intermodal interchange to meet the goals enumerated in paragraph (b) of § 256.13;

(3) The railroad passenger terminal is listed on the National Register;

(4) The architectural integrity of the railroad passenger terminal will be preserved. This determination must be concurred in by the consultants recommended by the Chairman and Council and retained by the Administrator for this purpose;

(5) To the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activities, especially when such use is recommended by the Council or the Chairman, or the consultants retained by the Administrator upon their recommendation;

(6) The project plan provides the information and documentation required under paragraphs (b) and (c) of § 256.11; and

(7) The railroad passenger terminal and the conversion project meet such other criteria as the Administrator may develop and promulgate in consultation with the Chairman and the Council.

(c) *Preservation funds.* A project is eligible for financial assistance in accordance with section 305(d)(1)(I)(3) of the Act if the Administrator determines that:

(1) The applicant is empowered by applicable law, and is qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain and prevent the demolition, dismantling, or further deterioration of, a railroad passenger terminal;

(2) The railroad passenger terminal is threatened with demolition, dismantling, or further deterioration;

(3) The railroad passenger terminal has a reasonable likelihood of being converted to or conditioned for reuse as an intermodal passenger terminal, a civic or cultural activities center, or both;

(4) Planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner;

(5) The expenditure of funds on such project would be in the manner most likely to maximize the preservation of

railroad passenger terminals which are: (i) reasonably capable of conversion to intermodal passenger terminals; (ii) listed in the National Register; or (iii) recommended on the basis of architectural integrity and quality by the Chairman or the Council; and

(6) The applicant has provided the information and documentation required under paragraphs (b) and (d) of § 256.11.

(d) *Planning funds.* A project is eligible for financial assistance in accordance with section 305(d)(1)(I)(4) of the Act if the Administrator determines that:

(1) The applicant is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the rail passenger terminal is located;

(2) The applicant will be able to incorporate into its designs and plans for the conversion of such terminal into an intermodal passenger terminal, a civic or cultural activities center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation;

(3) The applicant will be able to complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance;

(4) The expenditure of funds on such project would be in the manner most likely to maximize the preservation of railroad passenger terminals which are listed in the National Register or recommended on the basis of architectural integrity and quality by the Chairman or the Council; and

(5) The applicant has provided the information and documentation required under paragraphs (b) and (e) of § 256.11.

§ 256.7 Financial assistance.

(a) *Demonstration Funds.* Federal financial assistance for the conversion of a railroad passenger terminal into an intermodal passenger terminal, under subsection 305(d)(1)(I)(2) of the Act, may be expended for the following project costs incurred after the date of project approval:

(1) Acquisition or long-term lease of real property, including air rights where necessary for project implementation;

(2) Final architectural and engineering construction documentation, including all necessary plans, specifications, detailed cost estimates, and implementation schedules; and

(3) Construction, which may include, but is not limited to: (i) Complete rehabilitation and refurbishment of the interior and exterior of the structure; (ii) provision of necessary public services; (iii) structural modifications and additions necessary to permit the development of (A) improved rail passenger facilities, (B) interstate bus terminal and docking facilities, (C) adequate facilities for local mass transit, and (D) automobile parking and access; and (iv) provisions for accommodating major tenants and concessionaires such as airline ticket offices, rent-a-car offices, and other transportation service facilities.

(b) *Preservation funds.* Federal financial assistance under section 305(d)(1)(I)(3) of the Act, for the preservation of a railroad passenger terminal which has a reasonable likelihood of being converted or otherwise maintained, may be expended for costs incurred after the date of project approval which are necessary to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal pending the completion of project planning, for a period not to exceed five years.

(c) *Planning funds.* Federal financial assistance for the development of plans for the conversion of a railroad passenger terminal into an intermodal passenger terminal, a civic and cultural activities center, or both, under section 305(d)(1)(I)(4) of the Act, may be expended for the following project costs if incurred within two years after project approval:

(1) Cost of a study or studies to: (i) Assess the need for and feasibility of an intermodal passenger terminal at a particular existing railroad passenger terminal; (ii) relate the project to other transportation priorities in the area; (iii) evaluate alternate means of providing needed intermodal passenger services within the community; (iv) assess the need for and feasibility of combining a civic and cultural activities center with the intermodal passenger terminal; and (v) develop a fiscal plan and agreements for implementation; and

(2) Costs for the preparation of preliminary architectural and engineering design documents for the project, including: (i) Plans, sections and sketches illustrating the functional as well as preservation aspects of the recommended development; (ii) assessment of the condition of existing structural and utilities systems and requirements for their improvement; (iii) outline specifications and preliminary estimates of project costs; and (iv) required environmental impact reviews and analyses.

(d) *Federal share.* The Federal share of the cost of any project under this part shall not exceed 60 percent of the total allowable project costs.

§ 256.9 Preliminary applications.

(a) *General.* Each applicant for Federal financial assistance under this part shall submit a preliminary application.

(b) *Purpose.* The purposes of a preliminary application are:

(1) To avoid the costs of preparing and processing a full application in cases where it can readily be determined that the applicant or project is ineligible or that funds are not available; and

(2) To enable the Administrator to identify, at a preliminary stage, those projects which appear most likely to achieve the goals set forth in paragraph (b) of § 256.13.

(c) *Contents.* Each preliminary application for financial assistance under

section 305(d)(1)(I) of the Act shall include:

(1) The full and correct name and principal business address of the applicant;

(2) The name, title and address of the person to whom correspondence regarding the preliminary application should be addressed;

(3) A narrative statement describing the need for the project; its objectives, method of accomplishment, and geographic location; and the benefits expected to be derived from the Federal financial assistance;

(4) An estimate of the total allowable project costs of the proposed project;

(5) The total amount of Federal assistance requested under this part for the project, designated as demonstration funds, preservation funds, or planning funds, as applicable;

(6) A statement of the extent to which the applicant contemplates using other Federal financial assistance for the purposes of the project (excluding funds disbursed under the State and Local Fiscal Assistance Act of 1972, 31 U.S.C. 1221 et seq.);

(7) A listing of potential sources of funds for the non-Federal share of the cost of the project;

(8) A statement of whether the railroad passenger terminal is included in the National Register; and

(9) Such other information as the Administrator may require.

(d) *Execution and filing of preliminary applications.* (1) The original preliminary application shall bear the date of execution and be signed by the Chief Executive Officer of the applicant or by the applicant himself, where the applicant is an individual. Each person required to execute the preliminary application shall execute a certificate in the form of Appendix A hereto.

(2) The original preliminary application and six (6) copies thereof, shall be filed with the Federal Railroad Administrator, Department of Transportation, 400 7th Street, SW., Washington, D.C. 20590. Each copy shall show the date and signature that appear in the original and shall be complete in itself.

(3) Preliminary applications must be submitted to the Administrator for review and approval before September 1, 1975.

§ 256.11 Final applications.

(a) *Purpose.* The purpose of a final application is to enable the Administrator to determine, from among those applicants who have received approval of previously submitted preliminary applications, those projects which will receive Federal assistance under this part.

(b) *Contents.* Each final application for Federal financial assistance shall include:

(1) The full and correct name and principal business address of the applicant;

(2) The name, title and address of the person to whom correspondence regarding the final application should be addressed;

(3) An identification of all organizations which will participate in the planning, implementation, and operation of the project, along with a discussion of the role of each organization;

(4) A full discussion of the desirability and feasibility of the project along with a summary of the benefits to be derived;

(5) A detailed description of the rail passenger terminal (including where applicable the description on file with the National Register), the available transportation facilities, and the proposed intermodal passenger transportation improvements;

(6) A detailed estimate of the total allowable project costs, listing and identifying all discrete costs to the maximum possible extent;

(7) The total amount of Federal assistance requested under this part for the project, designated as demonstration funds, preservation funds, or planning funds, as applicable;

(8) Where the applicant contemplates using funds from other Federal programs (excluding funds disbursed under the State and Local Fiscal Assistance Act of 1972, 31 U.S.C. 1221 *et seq.*), a reference to all requirements pertaining to such Federal programs, and a documentation of the status of any application for Federal funds under such programs;

(9) Evidence of the applicant's ability and intent to furnish its share of the total allowable project costs;

(10) For those projects located in urbanized areas, as defined by the Bureau of the Census, a statement that the application has been coordinated with the metropolitan planning organization, designated by the Governor of the State in which the project is to be located, pursuant to 23 U.S.C. 104(f)(3);

(11) Evidence that the applicant has established such fiscal control and fund accounting procedures as may be required by the Administrator to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this part;

(12) A certification by the applicant that, in accordance with OMB Circular A-46 (38 FR 32874, November 28, 1973), Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, and Section 401 of the Intergovernmental Cooperation Act of 1968, the notification has been submitted to, and comments thereon have been solicited from, the appropriate State and regional agencies and clearinghouses;

(13) Assurances that the applicant will comply with the following Federal laws, policies, regulations and pertinent directives:

(i) Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d *et seq.*, and all requirements imposed by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation;

(ii) Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970, 42

U.S.C. 4601 *et seq.* and all requirements imposed by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 25, Relocation Assistance and Land Acquisition under Federal and Federally-Assisted Programs;

(iii) 42 U.S.C. 4151 *et seq.*, with regard to Federal policies ensuring that physically handicapped persons will have ready access to, and use of, public buildings;

(iv) The Rehabilitation Act of 1973, 87 Stat. 394, 29 U.S.C. 794, with regard to nondiscrimination under Federal grants; and

(v) The Hatch Act, 5 U.S.C. 1501 *et seq.*, which limits the political activities of employees; and

(14) Such other information as the Administrator may require.

(c) *Final applications for demonstration funds.* In addition to the items required by paragraph (b) of this section, each final application for demonstration funds shall include:

(1) The proposed period during which the project will be evaluated, in the context of the goals set forth in paragraph (b) of § 256.13;

(2) Operating agreements, right of way leases, or other appropriate legal commitments, from private carriers, public transportation operating agencies and other entities as appropriate, to assure continued operation of the transportation services through the evaluation period;

(3) Evidence (including copies of lease documents, title papers, and mortgage agreements) that the applicant's property interest in the railroad passenger terminal is or will be sufficient for the applicant to implement the project;

(4) A summary of proposed contractual arrangements for the use of the intermodal passenger terminal for commercial purposes other than the provision of transportation services;

(5) A description and documentation of existing or potential markets for interline, intermodal service, and of those changes in existing services which must be provided to achieve this potential;

(6) A summary of proposed use of the intermodal passenger terminal as a civic and cultural activities center;

(7) A description of the proposed methods for monitoring and evaluating the demonstration;

(8) Preliminary architectural and engineering design documents, including plans, sections, sketches, and outline specifications; and

(9) A proposed draft of an environmental impact statement, to be reviewed and analyzed by the Administrator for the preparation by him of a final Environmental Impact Statement under Department of Transportation Order 5610.1B (39 FR 35235, September 30, 1974).

(d) *Final applications for preservation funds.* In addition to the items required by paragraph (b) of this section, each final application for preservation funds shall include:

(1) Documentation of the threat of demolition, dismantling, or further deterioration of the terminal, and the causes and reasons thereof;

(2) Evidence of substantive local public and private interest in organizing a project to convert the railroad passenger terminal to an intermodal passenger terminal, a civic or cultural activities center, or both;

(3) Certification that the applicant is empowered by applicable law, on an interim basis pending the formulation of plans for reuse, to maintain and prevent the demolition, dismantling, or further deterioration of, a railroad passenger terminal;

(4) Evidence that the planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner, including the planning schedule; and

(5) A proposed draft of an environmental impact statement, to be reviewed and analyzed by the Administrator for the preparation by him of a final Environmental Impact Statement under Department of Transportation Order 5610.1B (39 FR 35235, September 30, 1974).

(e) *Final applications for planning funds.* In addition to the items required by paragraph (b) of this section, each final application for planning funds shall include:

(1) An assurance that the designs and plans for the conversion to an intermodal passenger terminal, a civic or cultural activities center, or both, will be completed within two years following the approval of the application for Federal financial assistance; and

(2) A proposed schedule for the implementation of the applicant's completed designs and plans.

(f) *Execution and filing of final applications.* (1) The original final application shall bear the date of execution and be signed by the Chief Executive Officer of the applicant or by the applicant himself, where the applicant is an individual. Each person required to execute the final application shall execute a certificate in the form of Appendix A hereto.

(2) The original final application and ten (10) copies thereof, shall be filed with the Federal Railroad Administrator, Department of Transportation, 400 7th Street, SW., Washington, D.C. 20590. Each copy shall show the dates and signature that appear in the original and shall be complete in itself.

(3) Final applications must be submitted to the Administrator for review and approval not later than January 1, 1976.

§ 256.13 Review and approval of applications.

(a) *Preliminary applications.* Preliminary applications shall be reviewed by the Administrator in consultation with the Chairman and the Council. The Administrator shall notify each applicant whether or not his preliminary application has been approved. Those applicants whose preliminary applications have not been approved may submit ad-

ditional supportive information to the Administrator.

(b) *Final applications.* The Administrator shall review final applications and shall select and monitor projects most likely to accomplish the following goals:

(1) Demonstrate the capabilities of intermodal terminals to provide a more effective means of passenger interchange between various modes of transportation;

(2) Demonstrate the advantages of joint use terminal facilities to carriers;

(3) Demonstrate a more comprehensive and effective network of energy efficient surface common carrier transportation services through improving interline, intermodal exchange at selected intermodal passenger terminals distinguished by coordinated information systems, schedules, and through ticketing and baggage handling;

(4) Evaluate user response to such coordinated interline, intermodal transportation services, and to joint carrier use of terminal facilities;

(5) Demonstrate the potential of underutilized railroad passenger terminals of historical and architectural distinction for improving intermodal passenger transportation services and for providing an appropriate focal point for civic and cultural activities;

(6) Stimulate local public and private investment, by transportation carriers and others, in improved intercity and local public transportation facilities and services;

(7) Encourage the preservation of railroad passenger terminals pending the formulation of plans for reuse; and

(8) Encourage the development of plans for the conversion of railroad passenger terminals into intermodal passenger terminals, civic and cultural activities centers, or both.

(c) *Preferential consideration.* In reviewing applications for planning funds, the Administrator shall give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion.

(d) *Approval in writing.* In order for a final application to be approved, the Administrator must notify the applicant in writing.

§ 256.15 Disbursement of financial assistance.

(a) *Grant agreement.* After receipt, review, and approval of a final application, the Administrator will enter into a grant agreement with an applicant for the Federal share of the total allowable project costs. The terms of payment of the Federal share shall be set forth in the grant agreement.

(b) *Record retention.* Each recipient of financial assistance under this part shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of

the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(c) *Audit and examination.* Until the expiration of three years after the completion of the project or undertaking referred to in paragraph (b) of this section, the Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which, in the opinion of the Administrator or the Comptroller General, may be related or pertinent to such financial assistance.

Issued in Washington, D.C. on _____

ASAPH H. HALL,
Deputy Administrator.

APPENDIX A—CERTIFICATE

The following is the form of the certificate to be executed by each person signing a preliminary or final application:

_____ certifies that he is
(Name of person)
the Chief Executive Officer of _____
(Name of agency
or organization); that he is authorized to sign
and file with the Federal Railroad Administrator this preliminary (final) application; that he has carefully examined all of the statements contained in the preliminary (final) application relating to _____
(Name of agency
or organization); that he has knowledge of the
matters set forth therein and that all statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief.

(Date) _____ (Signature) _____
Subscribed and sworn to before me the
day of _____, 19____

[FR Doc. 75-5847 Filed 3-3-75; 8:45 am]

National Highway Traffic Safety Administration

[49 CFR Part 571]

[Docket No. 1-5; Notice 15]

FEDERAL MOTOR VEHICLE SAFETY STANDARDS

Change in Brake Hose Assembly Definition

This notice proposes amendment of Standard No. 106-74, *Brake Hoses*, 49 CFR 571.106-74, to exclude from the definition of brake hose assembly certain assemblies made in the field from all new components for repair service.

S5.2.4 of the standard requires the manufacturer of a brake hose assembly to attach a band to it labeled with the date of assembly, the symbol "DOT" constituting a certification that the assembly conforms to all applicable motor vehicle safety standards, and a designation which identifies the manufacturer of the hose assembly and is filed with the NHTSA, Office of Standards Enforcement. When "brake hose assembly" was originally defined in Notice 8 (38 FR 31302; November 13, 1973), and when the definition was reconsidered in Notice

11 (39 FR 24012; June 28, 1974), emergency field repair operations were excluded from the requirements of the standard by excluding from the definition those assemblies containing used components. However, assemblies made entirely of new components for installation in used vehicles come from a variety of sources. Among these are not only the manufacturer who produces assemblies in large quantities and the distributor of hose and end fittings who may produce some assemblies in quantity and make some up on special order, but also repair shops, employees of truck fleet owners, and even truck owners themselves. With the present definition of brake hose assembly, each of these sources is a "manufacturer" who will be subject to all the requirements of the standard on March 1, 1975. In light of recent developments in the nation's economic picture, the burden of certifying compliance with the standard's performance requirements may not be commensurate with the relatively small number of assemblies prepared by a repair facility. In situations where repair with an assembly containing used components is not possible, these facilities would be faced with the choice of violating the standard or refraining from repair. The NHTSA tentatively concludes that the risk of detriment to motor vehicle safety which may result from permitting repair facilities to prepare brake hose assemblies without certifying conformity with Standard No. 106-74 is outweighed by the potential economic benefits of the proposal.

In consideration of the foregoing, it is proposed that in S4 of Standard No. 106-74 (49 CFR 571.106-74), the definition of brake hose assembly be amended to read:

"Brake hose assembly" means a brake hose, with or without armor, equipped with end fittings for use in a brake system, but does not include an assembly containing used components, or an assembly prepared by the owner of a used vehicle, by his employee, or by a repair facility, for installation in that used vehicle.

Interested persons are invited to submit comments on the proposal. Comments should refer to the docket number and be submitted to: Docket Section, National Highway Traffic Safety Administration, Room 5108, 400 Seventh Street, SW., Washington, D.C. 20590. It is requested but not required that 10 copies be submitted.

All comments received before the close of business on the comment closing date indicated below will be considered, and will be available for examination in the docket at the above address both before and after that date. To the extent possible, comments filed after the closing date will also be considered. However, the rulemaking action may proceed at any time after that date, and comments received after the closing date and too late for consideration in regard to the action will be treated as suggestions for future rulemaking. The NHTSA will continue to file relevant material as it becomes available in the docket after the closing date.

and it is recommended that interested persons continue to examine the docket for new material.

Comment closing date: April 3, 1975.

Proposed effective date: March 4, 1975.

See 101, 119, Pub. L. 89-563, 80 Stat. 718 (15 U.S.C. 1302, 1407); delegations of authority at 49 CFR 1.51 and 49 CFR 501.8.

Issued on February 28, 1975.

ROBERT L. CARTER,
Associate Administrator,
Motor Vehicle Programs.

(FBI Doc. 75-5836 Filed 2-28-75; 4:17 pm)

FEDERAL COMMUNICATIONS COMMISSION

[47 CFR Part 73]

[Docket No. 20365; RM-2337]

FM BROADCAST STATIONS, LOUISIANA

Table of Assignments

1. Petitioner, Proposal, and Comments: Notice of Proposed Rule Making is hereby given concerning amendment of the FM Table of Assignments § 73.202(b) of the Commission's rules and regulations as concerns Bayou Vista and Franklin, Louisiana.

(a) A petition for rule making was filed on behalf of Teche Broadcasting Corporation (Teche), Bayou Vista, Louisiana, proposing to (1) assign Channel 237A to Bayou Vista and (2) to substitute Channel 288A for Channel 237A at Franklin in order to make the Bayou Vista assignment. Public Notice of the filing of the petition was issued on March 26, 1974 (Rpt. No. 902).

At the time the petition was filed, an application for use of Channel 237A at Franklin was pending. Since then, a construction permit for the use of that channel at Franklin was granted to KFRA, Inc., by the Commission, conditioned on the outcome of the present rule making proceeding. (BMPH-14264.)

(b) In a response to the Public Notice of March 26, KFRA, Inc., set forth the following statements and allegations:

(1) It asked that Channel 224A rather than 288A be substituted at Franklin as the Commission did, in fact, approve Teche's petition. Justifying the request, KFRA stated that the distance between Franklin and Jennings, Louisiana (which is the nearest Channel 224A assignment) is greater than the distance between Franklin and Eunice, Louisiana (which is the nearest Channel 288A assignment) and, therefore, a station at Franklin operating on Channel 224A would be able to offer extended coverage compared to a facility operating on Channel 288A.

We note however, that a staff examination reveals the distances between Franklin and Jennings and Franklin and Eunice to be essentially the same, 72 miles. Furthermore, Channel 224A may not be assigned at Franklin because it does not meet the adjacent channel separation requirements with respect to WKW, Channel 222, La Place, Louisi-

ana (required: 65 miles; actual: 56 miles). In this light, and absent a specific showing to the contrary, further consideration of the Channel 224A alternative as advanced by KFRA will not be entertained.

2. Demographic Data: (a) **Location:** Bayou Vista (unincorporated) is centrally located between the communities of Patterson, Louisiana, to the west and Berwick, Louisiana, to the east. Together, Patterson, Bayou Vista, and Berwick form a cluster along a five-mile section of U.S. Highway 90 approximately four miles west of Morgan City, Louisiana, and 72 miles west-southwest of New Orleans.

(b) **Population:** Bayou Vista, 5,121; Patterson 4,409; Berwick 4,168; St. Mary Parish 60,752 (1970 Census).

(c) **Local Broadcast Service:** None. Bayou Vista is served, however, by daytime-only AM Station KMRC and FM Station KMRC-FM, Channel 244A, Morgan City, Louisiana, along with the Franklin outlet, KFRA, also a daytime-only station.

(d) **Industry:** Off-shore and tidewater oil and gas production, shipbuilding, fishing and farming.

(e) **Economic:** Family median income (1970) \$10,699; one bank with branch service in Bayou Vista; 3 banks serving Patterson, Bayou Vista, Berwick, and Morgan City with deposits in excess of \$75 million; 48 retailing, wholesaling, and manufacturing firms.

3. Proposed Service: (a) Petitioner states that a station operating on Channel 237A with maximum power and antenna height would provide Bayou Vista with its first local aural service. Further, Teche alleges that a second nighttime aural service would be provided to approximately fifty percent of the Parish.

4. Preclusions: (a) A preclusion study is not required as this proposal represents a first Class A assignment to a small and isolated community.

5. Proposed Amendment to FM Table of Assignments: (a) In light of the above, the Commission proposes to amend the FM Table of Assignments, § 73.202(b), with regard to the enumerated cities as follows:

City	Channel No.	
	Present	Proposed
Bayou Vista, La.		237A
Franklin, La.	237A	288A

6. Authority: The Commission's authority to institute rule making proceedings, showing required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference.

7. Comments and Replies: (a) Interested parties may file comments on or before April 17, 1975, and reply comments on or before May 6, 1975.

8. It is ordered, That the Secretary of the Commission shall send a copy of the Notice of Proposed Rule Making by

Certified Mail, Return Receipt Requested, to KFRA, Inc., Franklin, Louisiana.

Adopted: February 19, 1975.

Released: February 26, 1975.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] WALLACE E. JOHNSON,
Chief, Broadcast Bureau.

APPENDIX

1. Pursuant to authority found in sections 4(i), 5(d)(1), 303 (g) and (r), and 307(b) of the Communications Act of 1934, as amended, and § 0.281(b)(6) of the Commission's rules, It is proposed, To amend the FM Table of Assignments, § 73.202(b) of the Commission's rules and regulations, as set forth in the Notice of Proposed Rule Making to which this Appendix is attached.

2. **Showings required.** Comments are invited on the proposal discussed in the Notice of Proposed Rule Making to which this Appendix is attached. In initial comments, proponent(s) will be expected to answer whatever questions are presented in the Notice. The proponent(s) of the proposed assignment(s) is expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is assigned, and, if authorized, to build the station promptly. Failure to file may lead to denial of the request.

3. **Cut-off procedures.** The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered, if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered, if advanced in reply comments. (See § 1.420(d) of Commission rules.)

(b) With respect to petitions for rule making which conflict with the proposal in this Notice, they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If filed later than that, they will not be considered in connection with the decision in this docket.

4. **Comments and reply comments; service.** Pursuant to applicable procedures set out in §§ 1.415 and 1.420 of the Commission's rules and regulations, interested parties may file comments and reply comments on or before the dates set forth in the notice of proposed rule making to which this Appendix is attached. All submissions by parties to this proceeding or persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. (See § 1.420 (a), (b) and (c) of the Commission rules.)

5. **Number of copies.** In accordance with the provisions of § 1.419 of the Commission's rules and regulations, an original and fourteen copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. Public inspection of filings. All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street NW., Washington, D.C.

[FR Doc.75-5670 Filed 3-3-75;8:45 am]

[47 CFR Part 73]

[Docket No. 20364; RM-2336]

FM BROADCAST STATIONS, MICHIGAN

Table of Assignments

1. Notice of proposed rule making is hereby given concerning amendment of the FM Table of Assignments § 73.202(b) of the Commission's rules and regulations with respect to the petition of Carroll Enterprises, Inc., licensee of daytime-only AM Station WIOS, Tawas City-East Tawas, Michigan, proposing the assignment of Channel 280A to Tawas City, Michigan, as a second FM channel assignment.

2. Tawas City (pop. 1,666)¹ is the seat of Iosco County (pop. 24,905) and is situated on the Tawas Bay adjoining Lake Huron. The location is approximately 132 miles north of Detroit. Petitioner states that the Tawas City area is a vacation resort and that during the summer months the population swells to several thousand as economic and social activities increase substantially. Petitioner further relates that Iosco County is listed as the third fastest growing county in Michigan with a projected increase of 124.8 percent by 1980.

3. The Tawas City area provides medical and health resources for its residents through its two hospitals. Educational facilities include one community college, two elementary schools, one junior-senior high school, three parochial schools, three libraries and a bookmobile. A large industrial park encloses 25 industrial plants. Other facilities include an Air Force base, six churches and recreational accommodations for leisure and sport.

4. Currently the Tawas City area is served by daytime-only AM Station WIOS (Class III), licensed to petitioner, and FM Station WDBI-FM (Channel 269A). Petitioner alleges that the addition of a second FM channel will serve the public interest. It is argued that since Tawas City is a recreational and vacation area, nighttime broadcast of sporting events and current activities would appeal to most tourists as well as residents. These programs could not be provided by petitioner's daytime-only AM station WIOS, an affiliate of the Mutual Broadcasting System. Mutual offers many news and public affairs programs after daylight hours. Furthermore, it is asserted, an additional FM station in the Tawas City area would offer listeners a choice of programs from local stations during the evening hours.

5. The licensee of the only FM channel presently assigned to Tawas City, Lawrence Norman DeBeau of WDBI-FM, opposes petitioner's proposal for a second FM assignment. This opposition is founded, in part, upon the alleged undemonstrated public need for an additional channel. He feels that tourism has decreased due to the gasoline shortage and that petitioner overstates the recreational appeal of the area. In any event, DeBeau insists that the public need for covering sports events and public affairs programs is already fulfilled by WDBI-FM.

6. DeBeau's principal opposition, however, stems from his belief that Carroll Enterprises intends to ruin WDBI-FM financially and then monopolize the Tawas City area with its AM-FM combination of broadcast services. In order to continue fostering competition, therefore, in DeBeau's opinion the request for a second FM assignment to the Tawas City area should be denied or left available for an independent applicant.²

7. Petitioner responds to DeBeau's allegations of monopolistic intent in a Reply Memorandum stating that it is rather WDBI-FM that enjoys a position of control by monopolizing the nighttime broadcasting in the Tawas City area. Petitioner further warns that DeBeau's fears, at this stage, are premature because the proposed assignment has, by no means, been granted to the petitioner, and other applicants may appear. To further illustrate the economic growth of the area and to demonstrate the public interest in a second FM channel assignment for Tawas City, petitioner filed a Supplemental Reply memorandum. Related economic factors were utilized to manifest the present state of affairs in Tawas City including the predicted outlook for tourist trade in the near future (as stated in a letter from an officer of the East Michigan Tourist Association); consumption of electric power; telephone service; licensed firearms for deer hunting; gross retail sales; bank deposits; the number of United States Coast Guard search and rescue missions; post office revenues and the construction of a new harbor in Tawas Bay. Finally, petitioner concluded that a second FM channel assignment to Tawas City could be adequately supported since service would extend to the neighboring counties of Ogemaw, Arenac, Alcona and Oscoda covering an area of approximately 60,000 persons. The Commission's policy, in this regard, is to consider allegations of lack of public support for a proposed assignment at the application stage. "Carroll Broadcasting Co. v. F.C.C.," 258 F. 2d 440 (D.C. Cir. 1958).

8. With respect to the technical feasibility of the proposed assignment, existing FM Channel assignments will not be affected. Since Tawas City is within 250 miles of the Canada-United States border, Canadian concurrence of the proposal is required according to the Work-

ing Agreement under the Canadian-United States FM Agreement of 1947.

9. The preclusion study submitted by petitioner indicates that only co-channel (Channel 280A) preclusion occurs. All six adjacent channels are already precluded by existing assignments. The area precluded on Channel 280A includes the following communities with populations greater than 1,000 persons which presently have no local aural service: East Tawas (pop. 2,372) (Iosco County 24,905); Ascoda-Au-Sable (pop. 3,475) (Iosco County); Wurtsmith (pop. 6,932) (Iosco County); Standish (pop. 1,184) (Arenac County, 11,149); and Gladwin (pop. 2,071) (Gladwin County, 13,471). Additionally, West Branch (pop. 1,912) (Ogemaw County, 11,903), currently furnished local aural service by AM Station WBMB (Class II, daytime-only), is precluded. Petitioner does not state whether or not alternate channels are available for these communities, one of which is more than four times the size of Tawas City. Petitioner should furnish information on available alternate channels in its comments.

10. The Commission notes that petitioner has represented that it will file an application for a construction permit for a new FM station at Tawas City if an additional channel is assigned and will construct the station if the application is granted.

11. Accordingly, it appearing that it is in the public interest to explore petitioner's proposal, and pursuant to authority contained in sections 4(i), 5(d) (1), 303 (g) and (r) and 307(b) of the Communications Act of 1934, as amended, and § 0.281(b) (6) of the Commission's rules and regulations, it is proposed to amend the FM Table of Assignments, § 73.202(b) of the Commission's rules and regulations, as follows:

City	Channel No.	
	Present	Proposed
Tawas City, Mich.....	269A	269A, 280A

12. *Showings required.* Comments are invited on the proposal discussed above. Petitioner is expected to answer whatever issues are raised in this Notice. It should also reaffirm its present intention to apply for the channel if it is assigned and if authorized to construct the station promptly. Failure to do so may result in denial of the petition.

13. *Cut-off procedures.* The following procedures will govern the consideration of filings in this proceeding:

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. See Section 1.420(d).

(b) With respect to petitions for rule making which conflict with the proposal in this Notice, they will be considered as comments in this proceeding and Public Notice to this effect will be given, as long as they are filed before the date for filing initial comments herein. If filed later than that,

¹ Unless otherwise specified, all population data are from the 1970 Census.

² However, the Commission, of course, does not grant channel assignments on the basis of the applicant's individual qualifications.

any will not be considered in connection with the decision herein.

14. Pursuant to applicable procedures set out in §§ 1.415 and 1.420 of the Commission's rules and regulations, interested parties may file comments on or before April 17, 1975 and reply comments on or before May 6, 1975. All submissions by parties to this proceeding or persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings.

15. In accordance with the provisions of § 1.419 of the Commission's rules and regulations, an original and 14 copies of all comments, reply comments, pleadings, briefs and other documents shall be furnished the Commission. These will be available for public inspection during regular business hours in the Commission's Public Reference Room at its Headquarters, 1919 M Street, NW, Washington, D.C.

Adopted: February 19, 1975.

Released: February 26, 1975.

FEDERAL COMMUNICATIONS COMMISSION,

(MIL) WALLACE E. JOHNSON,
Chief, Broadcast Bureau.

[F8 Doc. 75-5872 Filed 3-3-75; 8:45 am]

[47 CFR Part 73]

[Pocket No. 20362; RM-2304, RM-2489]

FM BROADCAST STATIONS, VIRGINIA AND WEST VIRGINIA

Table of Assignments

1. We have before us for consideration two petitions, each requesting the institution of rule making looking toward the assignment of a new FM channel. Although they each deal with separate communities, the proposals presented are mutually exclusive because they are only 18 miles apart, whereas 65 miles separation is required, and therefore they are being considered together in this rule making proceeding. All population figures cited are from the 1970 U.S. Census unless otherwise specified.

RM-2304, BERRYVILLE, VIRGINIA

2. On December 28, 1973, Mr. Benjamin P. Thomas, tr/as Greencastle Broadcasting Company (Greencastle), licensee of FM Station WKLS, Greencastle, Pennsylvania, filed a petition with this Commission requesting the assignment of FM Channel 288A to Berryville, Virginia. No other revisions in our FM Table of Assignments were proposed. Public notice of the receipt of the petition was given on January 11, 1974. Mr. David H. Taylor filed an opposition to the petition in the form of a letter on behalf of Music Masters (Music Masters) to which Greencastle filed a reply.

3. Berryville, Virginia (population 1,569) is located in Clarke County (population 8,102). It, as Clarke County, has no local aural service. Our FM Table of Assignments, at the present time, does not provide an FM assignment for the community.

4. Greencastle's petition after setting out some historical background about Clarke County, Virginia points out that its seat and hub is Berryville. With respect to the area's industry and commerce petitioner states:

"The Berryville and Clarke County area is primarily an agricultural community with apple growing, packing and processing being the chief industry. Other industries include a basket factory, a box factory, two printing establishments and a Doubleday book manufacturing plant. . . . Beef cattle is also a major industry of the area. Additionally, many other resources are devoted to raising thoroughbred race horses, ponies and sheep, while a Trappist monastery operates a bakery as an adjunct to its farming operations." "Retail sales for Clarke County in 1967 totalled \$568,000. Retail sales for 1973 are estimated at \$10,213,000.00 . . ."

We are told that the Clarke County area offers a variety of recreational activities including: amateur theatre, fishing, boating, swimming, golf and tennis. It is maintained that the town of Berryville contains public—primary, elementary, junior high and senior high—schools. It also contains a private Catholic School. Additionally, adult education programs are available. Berryville has several medical facilities as well as a number of service organizations attempting to better life in the community.

5. The letter opposition filed (incorrectly with the Chief of the Broadcast Bureau rather than the Secretary of the Commission and without service to petitioner) states that Music Masters operates a background music service in Washington, D.C. and the Shenandoah Valley. Apparently its programming originates at WAVA-FM in Arlington, Virginia, and is broadcast to WRFL in Winchester, Virginia, on an SCA whence it is broadcast to the Shenandoah Valley. Since WAVA-FM broadcasts on FM Channel 286 and since the proposed station at Berryville would be on second adjacent Channel 288A, Music Masters expects that WRFL (approximately 14 miles distant from Berryville and 48 miles distant from Arlington) will have much difficulty receiving WAVA-FM's signal if the assignment is made to Berryville. Hence, it opposes the assignment of Channel 288A to Berryville as an assignment which would create severe disruption to its background music service. Greencastle's response indicates a number of reasons why Music Masters' position should not be adopted. We concur with the Greencastle argument that the protection from interference to be accorded to FM broadcast stations is limited to the protection resulting from the mileage spacing and maximum power and tower height requirements, and that the proposed Berryville assignment meets these requirements as to WAVA-FM. The

3 Greencastle's response to the opposition was late filed because these two factors caused the opposition to come to petitioner's attention late. In view of the cause of the late filing we will consider Greencastle's response to the opposition below.

rules do not give any special protection to subsidiary services."

RM-2489, HARPERS FERRY, WEST VIRGINIA

6. Elektra Broadcasting Corporation (Elektra), licensee of standard broadcast Station WTRI, Brunswick, Maryland, requested, by petition, the assignment of FM Channel 288A to Harpers Ferry, West Virginia on December 2, 1974. Public Notice of the filing was given by the Commission on December 9, 1974. An opposition to the petition was filed by WXVA Broadcasting Corporation (WXVA Corp.), licensee of standard broadcast Station WXVA and FM Station WZFM, both at Charles Town, West Virginia. A timely reply to the opposition was filed by Elektra.

7. Jefferson County, West Virginia (population 21,280) contains Harpers Ferry (population 423). There are no standard or FM broadcast services located in Harpers Ferry. No FM channel is assigned to the community by § 73.202 (b) of our rules.

8. We are told that Harpers Ferry is located at the confluence of the Potomac and Shenandoah Rivers and that after its founding it grew into a small industrial city. We are also advised that the events of the Civil War and subsequent floodings commenced a decline in the community. The following statements concerning the present day-to-day functioning of Harpers Ferry are offered in the petition:

"There are almost ninety retail establishments located in the Harpers Ferry-Bolivar area, consisting of antique shops, art galleries, bookstores, gift and souvenir shops, grocery stores, lodging houses and a hotel, restaurants, service establishments, snack bars, and stores featuring 'demonstrating' craftsmen and homemade crafts. In addition, as shown herein, there are tourist attractions and establishments featuring pottery and ceramics as well as dolls and toys of all kinds. . . . Harpers Ferry is governed by a mayor and city council. Bolivar has the same type of government. The Harpers Ferry-Bolivar Sanitation Commission is jointly owned by the two communities and furnishes sanitation facilities for both communities. Harpers Ferry owns the water works which serves Harpers Ferry and Bolivar. Electric power is furnished to Harpers Ferry and Bolivar by Potomac Edison."

The area's school system is described as are the area's: police service, fire service, transportation, civic organizations and business developments. Elektra emphasizes however, that the key fact about

* Music Masters' pleading indicates that it had a similar problem previously in connection with providing Baltimore, Maryland, with its background music service. Music Masters does not state the type of receiving equipment it employs, but it would appear that a highly directional antenna would normally be utilized so that there would be adequate rejection of the undesired signal especially where Berryville is located north of the WRFL transmitter and Arlington is located east thereof.

* Bolivar is a community of 943 residents situated approximately 2 miles southwest of Harpers Ferry which Elektra considers fundamentally related to Harpers Ferry.

Harpers Ferry itself is the existence of the Harpers Ferry National Historical Monument. The Federal Government is presently undertaking a multi-million dollar expansion of the Monument which includes 1.3 million dollars for land acquisition, adding 650 acres to Harpers Ferry National Monument for a total of 2,000 acres of park land. It also includes an additional 8.6 million dollars for park development and improvements. New facilities are expected to be made up of a tenfold increase in the size of the parking facility; a major visitors' center with introductory movies and museums, located next to the new parking facilities; picnic-recreation areas on parkland along the Potomac River; and a continuous bus shuttle service to take people to points of interest in the park. It is maintained that the National Park Service estimates that there will be a thirty percent increase in tourist visits in the next seven years to Harpers Ferry and surrounding area. In 1973 1,208,000 persons visited the Monument. Eight million Americans live within a three hour drive of the park.

9. WXVA Corp. points out in its opposition that Jefferson County and Harpers Ferry magisterial district are both shared by the communities of Harpers Ferry and Charles Town, West Virginia with Charles Town being the county seat and having their AM and FM facilities in it. Charles Town is located seven miles southwest of Harpers Ferry. It is maintained that its AM broadcast station WXVA encompasses Harpers Ferry with its 2 mV/m contour and that its FM station WZFM encompasses Harpers Ferry with its 1 mV/m contour. In light of the AM and FM services from Charles Town to Harpers Ferry, the decline of Harpers Ferry population, 26 percent between 1960 and 1970, and the absence of, and desire for, a local station in Berryville, Virginia, a county seat without an assignment, WXVA Corp. feels that an assignment of Channel 288A to Harpers Ferry rather than to Berryville would be both inefficient and inequitable. It goes on to state:

"Equally important, the Harpers Ferry area and surrounding Jefferson County [sic] have an economy too precarious to support another local radio station. Understandably, perhaps, Elektra's Petition for Rule Making generates a vastly distorted picture of Jefferson County's economic health and future. In truth, the County has been economically stagnant in recent years. According to information supplied by the Jefferson County Chamber of Commerce retail sales in the County have barely outpaced the rate of inflation. Thus, real growth in retail sales has been negligible."

"In addition to WXVA, WZFM, and other previously existing stations, four new stations licensed since 1970 now compete for advertising revenues in Jefferson County and adjacent areas. They are WHMI-FM, Frederick, Maryland; WFFV(FM), Front Royal, Virginia; WYII(FM), Williamsport, Maryland; and WEBO, Waynesboro, Pennsylvania. Moreover, WRNR, newly authorized in Martinsburg, West Virginia, is scheduled to commence operation in mid-1975. Already WXVA and WZFM, the only two stations licensed

in Jefferson County, are able to derive only one-third of their gross revenues from their home county. Establishment of another station in the County would have disastrous consequences for these stations because the County simply cannot support three local stations."

In response Elektra charges that WXVA Corp. has a broadcasting monopoly in Jefferson County which it wishes to protect. Too, it suggests that broadcast service originating in Charles Town is not local service for Harpers Ferry. In answer to economic figures cited by WXVA Corp. petitioner states:

"* * * In 1973 retail sales in Jefferson County totalled \$41,315,000. In 1974 retail sales jumped to \$49,578,000. * * * This represents a 20 percent increase in retail sales for the year. The West Virginia State Chamber of Commerce attributes only half of this increase to inflation. This then shows an actual retail growth of 10 percent in Jefferson County."

Finally, petitioner advises us that Harpers Ferry will soon be gaining additional economic strength through the establishment of The Bank of Harpers Ferry and a state park amphitheater seating 2,000 persons to cost \$700,000 and host the dramatic production, "The John Brown Project". We must advise WXVA Corp. of our long standing policy against considering Carroll issues in rule making proceedings. Hence, with respect to the information it has provided us as to the economic harm an additional broadcast competitor would do its facilities in Charles Town and Jefferson County, we can only advise it to follow the normal procedure of raising it at the time of the application for a specific new station, if such an event occurs, for a Harpers Ferry Service. On the other hand, with regard to the information WXVA Corp. has provided us concerning the competing needs in Berryville, Virginia and Harpers Ferry, West Virginia, we can, and do, state that such information, along with other comparative facts provided by the pleadings, will be given a careful examination and evaluation in the rule making proceeding we are instituting.

10. Our study indicates that the assignment of Channel 288A to either Berryville, Virginia, or Harpers Ferry, West Virginia, would preclude its assignment to the remaining named community. Preclusion in either case occurs only on Channel 288A in an area southwest of the respective community. For the most part, the communities located within the precluded area which do not have FM assignments receive service from the communities which do. Six occupied FM assignments serve the precluded area for a Harpers Ferry Channel 288A assignment and ten serve a slightly larger precluded area for a Berryville Channel 288A assignment.

11. In view of the foregoing we find it in the public interest to explore the possible assignment of FM Channel 288A to Berryville, Virginia, or in the alternative, to Harpers Ferry, West Virginia, in a rule making proceeding.

12. With the foregoing public interest finding before us, we propose the following alternative revisions in our FM

Table of Assignments (§ 73.202(b) of our rules) with respect to the cities listed below:

City	Channel No.	
	Present	Proposed
		Alternative I
Berryville, Va.		288A
		Alternative II
Harpers Ferry, W. Va.		288A

13. Authority for the action proposed herein is contained in sections 4(d), 303 and 307(b) of the Communications Act of 1934, as amended, and § 0.281 of the Commission's rules.

14. *Showings required.* Proponents of either proposal are expected to file comments indicating the public interest factors involved in the proposal they advance. In the event a proponent is of the view that it has made a sufficient public interest showing it should restate its intention to apply for the channel if it is assigned and, if authorized, to build the station promptly. Failure to file may lead to denial of a request.

15. *Cut-off procedures.* The following procedures will govern the consideration of filings in this proceeding:

(a) Counterproposals advanced in this proceeding itself will be considered, if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. See § 1.420 of the Commission's rules.

(b) With respect to petitions for rule making which conflict with the proposals in this Notice, they will be considered as comments in the proceeding, and Public Notice to this effect will be given, as long as they are filed before the date for filing initial comments herein. If filed later than that, they will not be considered in connection with the decision in this docket.

16. Pursuant to applicable procedures set out in §§ 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments on or before April 11, 1975 and reply comments on or before April 30, 1975. All submissions by parties to this proceeding or persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings.

17. In accordance with the provisions of § 1.419 of the Commission's rules and regulations, an original and fourteen copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

18. All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters in Washington, D.C. (1919 M Street, NW).

Adopted: February 18, 1975.

Released: February 25, 1975.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] WALLACE E. JOHNSON,
Chief, Broadcast Bureau.

[FR Doc. 75-5671 Filed 3-3-75; 8:45 am]

[47 CFR Part 76]

[Docket No. 30868]

MAJOR MARKET CABLE TELEVISION SYSTEMS

Proposed Rule Making

In the matter of amendment of Part 76 of the Commission's rules and regulations relative to postponing or cancelling the March 31, 1977 date by which Major Market Cable Television Systems existing prior to March 31, 1972, must be in compliance with § 76.251(a)(1)-(a)(8).

1. In a public notice dated May 17, 1974, the Commission announced the creation of a "1977 Task Force" within the Cable Television Bureau to study the problems posed for the Commission, franchising authorities, and the cable television industry by the March 31, 1977 deadline for achieving uniform compliance with the Commission's new cable television rules. These rules presently provide that by March 31, 1977, all cable television systems located in major television markets, including those which were in operation prior to March 31, 1972, the effective date of the new rules, must be in strict compliance with the Commission's franchise, channel capacity and access requirements (§§ 76.31 and 76.251).

Interested parties were invited to express their views, define problem areas, and make recommendations for an orderly and equitable period of transition. The Task Force has now received and examined the comments filed.

Many of the parties responding to our inquiry urge the Commission to eliminate the requirement that systems complete whatever reconstruction would be necessary to comply with the channel capacity and access provisions of § 76.251 by March 31, 1977, or, at least, to postpone the March 31, 1977 deadline relating to that section. In support of their position, the parties argue that:

(1) Industry-wide operating revenues are clearly insufficient to generate the necessary capital to reconstruct plants and distribution networks and provide the amplifiers, converters and modulators necessary to bring affected systems into compliance by March 31, 1977;

(2) A longer time than the five-year period between March 31, 1972 and March 31, 1977 is required for systems to generate the type of revenue and economic strength necessary for them to finance reconstruction;

(3) Considering the state of the economy and the already large existing debt of most systems, financial interests are unwilling to extend additional credit to meet what are viewed as non-revenue producing requirements;

(4) It is unreasonable for the Commission to expect either financial interests or system operators to provide the necessary capital to reconstruct while simultaneously requiring the system operator to obtain a franchise which is consistent with the Commission's guidelines, a process which entails a review and potential alteration of the system's very authority to operate.

In particular, the National Cable Television Association has presented a study

which indicates that it may cost approximately \$430,000,000 (more than half of the entire total investment to date in existing system plants) to bring systems into compliance with the Commission's 1977 rebuild requirements. NCTA further estimates that the cost of financing this endeavor would, when passed to the subscriber, result in a 65 percent increase in subscriber rates.

4. We believe that the information provided to the Task Force has raised substantial questions concerning the ability of those major market systems which were in operation prior to March 31, 1972 to comply by March 31, 1977 with our channel capacity and access requirements (specifically § 76.251(a)(1)-(a)(8)). Under the circumstances, it is appropriate to consider postponing or cancelling the March 31, 1977 deadline relating to these provisions. Accordingly, we are initiating this rule making proceeding to examine the advisability of adopting either of these approaches. We specifically invite comments on the amount of capital that typical cable systems of different sizes may require to meet our present rebuilding deadline and the availability of such capital.

5. Suggestions have also been made concerning how we might reaffirm our commitment to access cablecasting while recognizing the economic realities of today's marketplace, for example, by requiring older systems to comply with our requirements upon "natural rebuild," or by permitting "composite" access channels. We expect to issue in the very near future an additional rule making notice in which we will explore these and other approaches. This forthcoming notice will also address other Commission requirements triggered by the 1977 deadline, such as technical and franchise standards. We urge, therefore, that comments which concern these more substantive matters be deferred until such time as we issue the additional notice, and that views expressed in this proceeding be limited to the issue of the necessity of postponing or cancelling the March 31, 1977 deadline for compliance with the provisions of § 76.251(a)(1)-(a)(8) of the rules.

6. We reiterate that the proceeding which we are initiating today affects only those major market cable systems that were in operation prior to March 31, 1972. Should we, after analyzing the comments filed in this proceeding, decide to postpone or cancel the March 31, 1977 deadline, this action will not alter the obligations imposed by § 76.251 upon major market systems that commenced operations on or after March 31, 1972.

7. Authority for the rule making proposed herein is contained in sections 2, 3, 4 (1), (j), 301, 303, 307, 308, and 403 of the Communications Act of 1934, as amended. All interested parties are invited to file written comments on or before April 7, 1975, and reply comments on or before April 17, 1975. In reaching a decision on this matter, we may take into account any other relevant information

before us, in addition to the comments invited by this Notice. The time by which systems must commence rebuilding, if they are to be in compliance by March 31, 1977, is rapidly approaching. Accordingly, we intend to act expeditiously on this matter and do not contemplate extending the period to file comments or replies.

8. In accordance with provisions of § 1.419 of the Commission's rules and regulations, an original and 14 copies of all comments, replies, pleadings, briefs, or other documents filed in this proceeding shall be furnished to the Commission. Responses will be available for public inspection during regular business hours in the Commission Public Reference Room at its Headquarters in Washington, D.C.

Adopted: February 19, 1975.

Released: February 26, 1975.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] VINCENT J. MULLINS,
Secretary.

[FR Doc. 75-5678 Filed 3-3-75; 8:45 am]

NATIONAL CREDIT UNION
ADMINISTRATION

[12 CFR Parts 701, 745]

PUBLIC UNIT ACCOUNTS

Funds Invested in Federally Insured Credit Unions

Notice is hereby given that the Administrator of the National Credit Union Administration, pursuant to the authority conferred by section 120, 73 Stat. 635, 12 U.S.C. 1766, and section 209, 84 Stat. 1014, 12 U.S.C. 1789, is proposing amendments to Part 701 (12 CFR 701) by adding a new § 701.32, and Part 745 (12 CFR 745) by redesignating certain existing sections and adding a new § 745.10 as set forth below.

The purpose of the proposed amendments is to implement the provisions of Pub. L. 93-495 which (1) amend the Federal Credit Union Act (12 U.S.C. 1751, et seq.) to permit Federal credit unions to accept public unit funds, (2) provide for insurance protection of such funds, and (3) limit the aggregate amount of funds that may be invested or deposited in federally-insured credit unions.

Interested persons are invited to submit written comments, suggestions, or objections regarding the proposed amendments to the Administrator, National Credit Union Administration, 2025 M Street NW., Washington, D.C. 20456. Comments received prior to April 4, 1975, will be considered before final action is taken on this proposal. Copies of all written comments received will be available for public inspection during normal business hours at the foregoing address.

(Sec. 120, 73 Stat. 635 (12 U.S.C. 1766) and Sec. 209, 84 Stat. 1014 (12 U.S.C. 1789).)

HERMAN NICKERSON, Jr.,
Administrator.

FEBRUARY 25, 1975.

1. Part 701 of the rules and regulations relating to organization and operation of

Federal credit unions is amended by adding a new § 701.32 to read as follows:

§ 701.32 Payments on shares by public units.

(a) A Federal credit union may receive payments on shares from the following member or nonmember units of Federal, state or local governments:

(1) An officer, employee, or agent of the United States having official custody of public funds and lawfully investing such funds in a Federal credit union;

(2) An officer, employee, or agent of any State of the United States or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in a Federal credit union;

(3) An officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing the same in a Federal credit union; or

(4) An officer, employee, or agent of the Commonwealth of Puerto Rico, of the Panama Canal Zone, or of any territory or possession of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in a Federal credit union.

(b) Withdrawal of shares held in public unit accounts may be subject to a requirement providing for written notice, not to exceed 30 days, of intention to withdraw the whole or any portion of such shares. In the event notice is required, the Federal credit union shall communicate such requirement to the party having official custody of the funds prior to the acceptance of such funds by the Federal credit union.

(c) The maximum amount of each account established pursuant to this section shall not exceed 5 per centum of the total assets of the Federal credit union at the time of the share payment and no share payments shall be accepted in an amount which would cause the aggregate amount of all such accounts to exceed 20 per centum of the total assets of the Federal credit union.

(d) The term "public unit" means the United States, any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Panama Canal Zone, any territory or possession of the United States, any county, any municipality or political subdivision thereof.

(e) The term "political subdivision" includes any subdivision or principal department of a public unit, (1) the creation of which subdivision or department has been expressly authorized by state statute, (2) to which some functions of government have been delegated by state statute, and (3) to which funds have been allocated by statute or ordinance for its exclusive use and control. It also includes drainage, irrigation, navigation, improvement, levee, sanitary, school or power districts, and bridge or port authorities and other special districts created by state statute or compacts between the states. Excluded from

the term are subordinate or nonautonomous divisions, agencies, or boards within principal departments.

2. Part 745 of the rules and regulations relating to clarification and definition of account insurance coverage is amended as follows:

§§ 745.10, 745.11 and 745.12 [Redesignated]

1. Sections 745.10, 745.11, and 745.12 are redesignated as §§ 745.11, 745.12, and 745.13 respectively.

2. Section 745.10 is added to read as follows:

§ 745.10 Public Unit Accounts.

(a) Public funds invested in Federal credit unions and federally-insured state credit unions authorized to accept such investments shall be insured as follows:

(1) Each official custodian of funds of the United States lawfully investing the same in a federally-insured credit union shall be separately insured up to \$100,000.

(2) Each official custodian of funds of any state of the United States or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in the same state shall be separately insured up to \$100,000.

(3) Each official custodian of funds of the District of Columbia lawfully investing the same in a federally-insured credit union in the District of Columbia shall be separately insured up to \$100,000.

(4) Each official custodian of funds of the Commonwealth of Puerto Rico, the Panama Canal Zone, or any territory or possession of the United States, or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in Puerto Rico, the Panama Canal Zone, or any such territory or possession, respectively, shall be separately insured up to \$100,000.

(5) Each official custodian referred to in paragraphs (a) (2), (3), and (4) of this section lawfully investing such funds in a federally-insured credit union outside their respective jurisdictions shall be separately insured up to \$40,000.

(6) For purposes of this section, if the same person is an official custodian of more than one public unit, he shall be separately insured with respect to the public funds held by him for each such unit, but he shall not be separately insured with respect to all public funds of the same public unit by virtue of holding different offices in such unit or by holding such funds for different purposes.

(b) With respect to public funds invested in federally-insured state credit unions, the maximum amount of each account shall not exceed 5 per centum of the total assets of the credit union at the time of the investment and no investment shall be accepted in an amount which would cause the aggregate amount of all such accounts to exceed 20 per centum of the total assets of the credit union.

(c) For the purposes of this section, the terms "public unit" and "political subdivision" have the same meaning as that stated in paragraphs 701.32(d) and (e), respectively.

[FR Doc. 75-5697 Filed 3-3-75; 8:45 am]

SECURITIES AND EXCHANGE COMMISSION

[17 CFR Part 250]

[Release No. 35-18811; File No. 87-353]

INSURANCE COMPANIES AND INVESTMENT BANKERS

Distinction Clarification

The Securities and Exchange Commission is considering a proposal to amend Rule 70 (17 CFR 250.70) under the Public Utility Holding Company Act of 1935 ("Act"). This amendment would add a subdivision (iii) to Rule 70(c)(4). Rule 70(c) contains definitions of certain terms as used in section 17(c) of the Act. The proposed amendment would except from the definition of an "investment banker" an insurance company or a wholly owned subsidiary company thereof which acts in certain limited situations as principal underwriter or broker and is proposed pursuant to sections 17(c) and 20(a) of the Act.

It is also proposed to delete the words "the Reconstruction Finance Corporation, or" from § 250.70(c)(3). Aside from the obsolescence of that exception, it implies that section 17(c) of the Act applies to an officer or representative of another governmental agency.

Section 17(c) does not prohibit a director or officer of an insurance company from being a director or officer of a registered holding company or subsidiary thereof. It does apply to a director or officer of an investment banker. Problems of interpretation have arisen from the development and sale by insurance companies of various forms of variable life or annuity policies, and from a growing practice of ownership by an insurance company of a subsidiary registered as a broker for the purpose of effecting portfolio transactions for its parent and associates. The broad definition of investment banker contained in Rule 70(c)(4) could be construed to transform an insurance company into an investment banker for purposes of section 17(c). Such a construction would seem to be inconsistent with the purpose of that section. The securities activities involved here are related to the insurance business and do not change the essential character of an insurance company. Nor would the amendment permit an insurance company to engage in the kind of investment banking activities against which section 17(c) was directed.

Commission action. Pursuant to authority in section 20(a) of the Public Utility Holding Company Act of 1935, the Securities and Exchange Commission proposes to amend § 250.70 in Chapter II of Title 17 of the Code of Federal Regulations as follows:

250.70 [Amended]

1. Paragraph (c) (3) is amended by deleting the words "the Reconstruction Finance Corporation or,".

2. Paragraph (c) (4) is amended to add subdivision (iii).

(c)

(4) "Investment banker" means a person engaged in business as an underwriter or a dealer, as these terms are defined in the Securities Act of 1933 (48 Stat. 71 et seq.; 15 U.S.C. 77a-77s) or corporation a majority of whose stock having the unrestricted right to vote for the election of directors is owned by an investment banker. It does not include:

(i) A bank, trust company, banking association, or banking firm which is prohibited by statute or by rule or regulation thereunder from underwriting or participating in the marketing of securities of a public utility or holding company, or

(ii) A person whose activities as a dealer are limited to dealing in evidences

of indebtedness secured by mortgage, deed of trust, or other lien upon real estate as such, as distinguished from usual corporate mortgage bonds and other types of corporate securities, or

(iii) An insurance company or a wholly owned subsidiary company thereof which acts in either or both of the following capacities: (A) As principal underwriter of variable life policies or of variable annuities issued by a separate account which is a registered investment company, or of securities issued by a registered management investment company for which such insurance company or a wholly owned subsidiary company thereof is the investment adviser; or (B) as a broker solely for the purpose of effecting portfolio transactions for such insurance company, a subsidiary company all of whose common stock it owns, such separate account and such investment company, or any of the foregoing: *Provided*, that none of such companies is an affiliate of a registered holding company or any subsidiary company thereof.

As used in paragraph (c) (4) (iii) of this section, "broker," "insurance company," "investment adviser," "principal

underwriter," and "separate account" shall have the meaning as defined in the Investment Company Act of 1940 (54 Stat. 789 et seq.; 15 U.S.C. 80a), as amended; "registered investment company" means a company registered as an investment company pursuant to section 8(a) of the Investment Company Act of 1940, as amended; and "wholly owned subsidiary company" means a company all of whose outstanding securities are owned by such insurance company.

All interested persons are invited to submit their views and comments on the proposal in writing to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, on or before April 7, 1975. All such communications should be filed in triplicate and should refer to File No. S7-553, and will be available for public inspection.

By the Commission.

[SEAL] GEORGE A. FITZSIMMONS,
Secretary.

FEBRUARY 13, 1975.

[FR Doc.75-5689 Filed 3-3-75;8:45 am]

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The mission of the Defense Science Board is to advise the Secretary of Defense and the Director of Defense Research and Engineering on overall research and engineering and to provide long range guidance in these areas to the Department of Defense.

The Task Force will undertake a review of the accuracy of U.S. and Soviet strategic offensive systems to determine the confidence that can be placed in our present estimates of accuracy and it will recommend an R&D program which can lead to improved accuracy.

In accordance with Pub. L. 92-463, section 10, paragraph (d), it has been determined that Defense Science Board meetings concern matters listed in section 552(b) of Title 5 of the United States Code, particularly paragraph (1) thereof, and that the public interest requires such meetings to be closed insofar as the requirements of sections (a) (1) and (a) (2) of section 10, Pub. L. 92-463 are concerned.

Dated: March 3, 1975.

MAURICE W. ROCHE,
Director, Correspondence and
Directives, OASD (Comptroller).

[FR Doc.75-5876 Filed 3-3-75; 10:10 am]

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

CHIPPEWA TRIBAL RESERVATION, MINNESOTA

Ordinance Legalizing the Introduction, Sale, or Possession of Intoxicants

FEBRUARY 25, 1975.

In accordance with authority delegated by the Secretary of the Interior to the Commissioner of Indian Affairs by 230 DM 2, and in accordance with the Act of August 15, 1953, Pub. L. 277, 83rd Congress, 1st Session (67 Stat. 586), I certify that the following ordinance relating to the application of the Federal Indian Liquor Laws on the Chippewa Tribal Reservation, Minnesota, was adopted on April 12, 1974, by the Chippewa Tribal Executive Committee, which has jurisdiction over the area of Indian Country included in the ordinance, reading as follows:

Whereas, Public Law 277, 83rd Congress, approved August 15, 1953, and codified at 11561 of Title 18, United States Code, provides that Sections 1154, 1156, 3113, 3488 and 3613 of Title 18 of the United States Code shall not apply within any area that is not Indian Country, nor to any act or transaction within any area of Indian Country, provided such act or transaction is in conformity both with the laws of the State in which such act or transaction occurs and with an ordinance duly adopted by the Tribe having jurisdiction over such area of Indian Country, certified by the Secretary of the Interior, and published in the *Federal Register*, and

Whereas, It is the desire of the Minnesota Chippewa Tribal Executive Committee to amend the ordinance regulating liquor in the Indian Country within the jurisdiction of the Minnesota Chippewa Tribe: Now, therefore, be it

Resolved, That the Minnesota Chippewa Tribal Executive Committee will issue permits for on and off sale of intoxicating beverages and beer within the Indian Country under the jurisdiction of the Minnesota Chippewa Tribe under the following conditions:

1. All applications for a permit must be submitted to the Minnesota Chippewa Tribal Executive Committee, in writing, setting forth the name, address, age and Tribal affiliation of the applicant (if any) as well as the legal description of the land where said sale of intoxicating beverages or beer is to take place. Said application form shall be supplied by the Tribal Executive Committee and all permits shall be for one (1) year's duration.

2. The Tribal requirements for a permit shall conform with the laws of the State of Minnesota as they relate to the obtaining of liquor licenses elsewhere in the State of Minnesota.

3. The following fee shall be paid to the Minnesota Chippewa Tribe:

- (a) Off sale beer, \$50 quarterly.
- (b) Off and on sale beer, \$100 quarterly.
- (c) Intoxicating beverages, off sale, \$500 semi-annually.
- (d) Intoxicating beverages, off and on sale, \$750 semi-annually.

Be it further resolved, That all holders of Minnesota Chippewa Tribe intoxicating beverage or beer permits must conform their operations to those laws of the State of Minnesota relating to the sale or possession of intoxicating beverages or beer as indicated in Minnesota Statutes Annotated; be it further

Resolved, That the Minnesota Chippewa Tribal Executive Committee shall, in its discretion, determine how many liquor permits it shall issue or have outstanding in any one year, and it shall be the sole judge of the qualifications of any applicant for a permit; be it further

Resolved, That the Minnesota Chippewa Tribal Executive Committee may suspend or revoke the permit issued under this Ordinance for any violation of the provisions of this ordinance.

The Tribal Executive Committee shall give the permit holder written notice of any proposed suspension of revocation of any permit it has issued, by sending a notice, by mail, to the permit holder at the address of the permit holder as shown on the application for a permit. Said notice shall specify the grounds for said proposed suspension or revocation of said permit. A permit holder who receives notice of a proposed suspension or revocation may request a hearing by the Tribal Executive Committee by sending a written request to the Tribal Executive Director at the Tribal Offices within seven (7) days of receipt of the Tribal Executive Committee's notice of proposed suspension or revocation of said permit. The Tribal Executive Committee shall set a date for said hearing, which shall be held within thirty (30) days of receipt of the permit holder's request for a hearing.

The Tribal Executive Committee may affirm its decision to suspend or revoke said permit after said hearing and its decision shall be final; be it further

Resolved, That the Tribal Executive Committee may reject any application for a permit under this Ordinance, or for a renewal of a permit for any violation of this Ordinance resulting in a suspension or revocation of said permit; be it further

Resolved, That the Ordinance passed, approved and published in the *Federal Register* on November 25, 1953, (18 FR 7519) and the Ordinance presented, approved and enacted on March 19, 1955, and all other Tribal laws, resolutions or Ordinances heretofore enacted

which prohibit, regulate or otherwise control the sale, introduction or possession of intoxicating beverages be and are hereby repealed.

MORRIS THOMPSON,
Commissioner of Indian Affairs.

[FR Doc.75-5601 Filed 3-3-75; 8:45 am]

Bureau of Land Management

[NM 24606, 24619 and 24622]

NEW MEXICO

Applications

FEBRUARY 24, 1975.

Notice is hereby given that, pursuant to section 28 of the Mineral Leasing Act of 1920 (30 U.S.C. 185), as amended by the Act of November 16, 1973 (87 Stat. 576), El Paso Natural Gas Company has applied for one 6½ inch and three 4½ inch natural gas pipelines rights-of-way across the following lands:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 21 S., R. 26 E.,

Sec. 9, SW¼SE¼.

T. 25 S., R. 29 E.,

Sec. 14, SE¼SW¼, SW¼SE¼;

Sec. 22, S½NE¼, NE¼SW¼, NW¼SE¼;

Sec. 23, N½NW¼ and SW¼NW¼.

T. 25 S., R. 34 E.,

Sec. 23, W½SE¼;

Sec. 26, W½E½;

Sec. 35, W½E½.

T. 26 S., R. 34 E.,

Sec. 11, NW¼NE¼.

These pipelines will convey natural gas across 4.180 miles of national resource lands in Eddy and Lea Counties, New Mexico.

The purpose of this notice is to inform the public that the Bureau will be proceeding with consideration of whether the applications should be approved, and if so, under what terms and conditions.

Interested persons desiring to express their views should promptly send their name and address to the District Manager, Bureau of Land Management, PO Box 1397, 1717 West Second Street, Roswell, NM 88201.

RAUL E. MARTINEZ,
Acting Chief, Branch of
Lands and Minerals Operations.

[FR Doc.75-5695 Filed 3-3-75; 8:45 am]

[NM 24621 and 24641]

NEW MEXICO

Applications

FEBRUARY 25, 1975.

Notice is hereby given that, pursuant to section 28 of the Mineral Leasing Act of 1920 (30 U.S.C. 185), as amended by the Act of November 16, 1973 (87 Stat. 576), Northwest Pipeline Corporation has applied for two 4½ inch natural gas pipelines rights-of-way across the following lands:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 29 N., R. 5 W.,

Sec. 26, NW¼SW¼.

T. 30 N., R. 14 W.,

Sec. 31, Lot 1.

These pipelines will convey natural gas across .091 miles of national resource

lands in San Juan and Rio Arriba Counties, New Mexico.

The purpose of this notice is to inform the public that the Bureau will be proceeding with consideration of whether the applications should be approved, and if so, under what terms and conditions.

Interested persons desiring to express their views should promptly send their name and address to the District Manager, Bureau of Land Management, 3550 Pan American Freeway, NE, Albuquerque, NM 87107.

RAUL E. MARTINEZ,
Acting Chief, Branch of
Lands and Minerals Operations.

[FR Doc.75-5694 Filed 3-3-75; 8:45 am]

[NM 24516 and 24517]

NEW MEXICO Applications

FEBRUARY 25, 1975.

Notice is hereby given that, pursuant to section 28 of the Mineral Leasing Act of 1920 (30 U.S.C. 185), as amended by the Act of November 16, 1973 (87 Stat. 576), Southern Union Gas Company has applied for two 4 inch natural gas pipelines right-of-way across the following lands:

NEW MEXICO PRINCIPAL MERIDIAN,
NEW MEXICO

T. 26 N., R. 6 W.,
Sec. 5, lots 1, 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$;
Sec. 8, N $\frac{1}{2}$ SW $\frac{1}{4}$.
T. 27 N., R. 6 W.,
Sec. 33, W $\frac{1}{2}$ SW $\frac{1}{4}$.

These pipelines will convey natural gas across .531 miles of national resource land in Rio Arriba County, New Mexico.

The purpose of this notice is to inform the public that the Bureau will be proceeding with consideration of whether the applications should be approved, and if so, under what terms and conditions.

Interested persons desiring to express their views should promptly send their name and address to the District Manager, Bureau of Land Management, 3550 Pan American Freeway, NE, Albuquerque, NM 87107.

RAUL E. MARTINEZ,
Acting Chief, Branch of
Lands and Minerals Operations.

[FR Doc.75-5713 Filed 3-3-75; 8:45 am]

[Wyoming 47907]

WYOMING Application

FEBRUARY 25, 1975.

Notice is hereby given that, pursuant to section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185), Western Nuclear, Inc., has applied for a natural gas pipeline right-of-way across the following lands:

SIXTH PRINCIPAL MERIDIAN, WYOMING

T. 28 N., R. 92 W.,
Sec. 21, NE $\frac{1}{4}$ SE $\frac{1}{4}$ and S $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 28, NW $\frac{1}{4}$ SE $\frac{1}{4}$.

The pipeline will provide natural gas to the applicant's Sheep Mountain II Mine in Fremont County, Wyoming.

The purpose of this notice is to inform the public that the Bureau will be proceeding with consideration of whether the application should be approved and, if so, under what terms and conditions.

Interested persons desiring to express their views should send their name and address to the District Manager, Bureau of Land Management, P.O. Box 670, Rawlins, WY 82301.

PHILIP C. HAMILTON,
Chief, Branch of
Lands and Minerals Operations.

[FR Doc.75-5714 Filed 3-3-75; 8:45 am]

Geological Survey CALIFORNIA

Known Geothermal Resources Area

Pursuant to the authority vested in the Secretary of the Interior by sec. 21(a) of the Geothermal Steam Act of 1970 (84 Stat. 1566, 1572; 30 U.S.C. 1020), and delegations of authority in 220 Departmental Manual 4.1 H, Geological Survey Manual 220.2.3, and Conservation Division Supplement (Geological Survey Manual) 220.2.1 G, the following described lands are hereby defined as an addition to the Lake City-Surprise Valley known geothermal resources area, effective February 1, 1974:

(5) CALIFORNIA

LAKE CITY-SURPRISE VALLEY KNOWN GEOTHERMAL RESOURCES AREA MT. DIABLO MERIDIAN, CALIFORNIA

T. 44 N., R. 16 E.,
Sec. 1, all;
Sec. 2, lots 1 through 5, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 11, lots 1 through 4;
Secs. 12, 13;
Sec. 14, lots 1 through 4;
Sec. 23, lots 1 through 4;
Secs. 24, 25, 36.

T. 45 N., R. 16 E.,
Sec. 25, lots 1 through 4, E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 35, lot 1;
Sec. 36, lots 1 through 3, E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$.

T. 41 N., R. 17 E.,
Secs. 3, 4;
Secs. 5, 6, 7, 8, all protracted lands as per Calif. Protraction Diagram 166;
Secs. 9, 10, 15;
Secs. 16, 21, all protracted lands as per Calif. Protraction Diagram 166;
Secs. 22, 27;
Sec. 28, all protracted lands as per Calif. Protraction Diagram 166.

T. 42 N., R. 17 E.,
Secs. 4, 5, 6;
Sec. 7, lots 1 through 5, E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$;
Secs. 8, 9, 16, 17;
Sec. 18, lots 1 through 3, E $\frac{1}{2}$;
Sec. 19, lots 1 through 3, NE $\frac{1}{4}$ NE $\frac{1}{4}$;
Secs. 20, 21;
Sec. 33, lots 1 through 4;
Sec. 34, lots 1 through 8.

T. 43 N., R. 17 E.,
Secs. 4, 5, 6, 8, 17, 19, 20;
Sec. 28, W $\frac{1}{2}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Secs. 29, 30, 31, 32, 33.

T. 44 N., R. 17 E.,
Secs. 6, 7, 18, 19, 30, 31, 32, 33.

T. 45 N., R. 17 E.,
Sec. 29, W $\frac{1}{2}$;
Secs. 30, 31, 32.

The area described aggregates 35,061 acres, more or less.

Dated: December 20, 1974.

HILLARY A. ODEN,
Acting Conservation Manager,
Western Region.

[FR Doc.75-5605 Filed 3-3-75; 8:45 am]

IDAHO

Known Geothermal Resources Area

Pursuant to the authority vested in the Secretary of the Interior by sec. 21(a) of the Geothermal Steam Act of 1970 (84 Stat. 1566, 1572; 30 U.S.C. 1020), and delegations of authority in 220 Departmental Manual 4.1 H, Geological Survey Manual 220.2.3, and Conservation Division Supplement (Geological Survey Manual) 220.2.1 G, the following described lands are hereby defined as the Bruneau Known Geothermal Resources Area, effective February 1, 1974:

(12) IDAHO

BRUNEAU KNOWN GEOTHERMAL RESOURCES AREA
BOISE MERIDIAN, IDAHO

T. 7 S., R. 6 E.,
Secs. 14, 15, 21, 22, 23, 26, 27, 28.

The area described aggregates 5,130 acres, more or less.

Dated: February 10, 1975.

HILLARY A. ODEN,
Acting Conservation Manager,
Western Region.

[FR Doc.75-5604 Filed 3-3-75; 8:45 am]

NEW MEXICO AND UTAH

Known Geothermal Resources Areas

Pursuant to the authority vested in the Secretary of the Interior by sec. 21(a) of the Geothermal Steam Act of 1970 (84 Stat. 1566, 1572, 30 U.S.C. 1020), and delegations of authority in 220 Departmental Manual 4.1 H, Geological Survey Manual 220.2.3, and Conservation Division Supplement (Geological Survey Manual) 220.2.1 G, the following described lands are hereby defined as known geothermal resources areas, effective February 1, 1974:

(31) NEW MEXICO

KILBOURNE HOLE KNOWN GEOTHERMAL RESOURCES AREA

NEW MEXICO PRINCIPAL MERIDIAN

T. 27 S., R. 1 W.,
Secs. 4 to 7, inclusive, 9, 10, 18 to 20, inclusive, 27 to 31, inclusive, and 33 to 36, inclusive.

T. 28 S., R. 1 W.,
Secs. 1, 3 to 9, inclusive, 11, 12, 17 to 21, inclusive, and 26 to 31, inclusive.

The area described aggregates 23,213.77 acres, more or less.

(44) UTAH

MONROE-JOSEPH KNOWN GEOTHERMAL
RESOURCES AREA
SALT LAKE MERIDIAN

T. 35 S., R. 3 W.,
Secs. 1, 5, 10, 11, 14, 15, 22, 23, 26, 27, 33,
34, and 35.
T. 35 S., R. 3 W.,
Secs. 4, 5, 8, and 9.
T. 35 S., R. 4 W.,
Secs. 12, 13, 14, 22, 23, 24, 26, and 27.

The area described aggregates 16,-
363.96 acres, more or less.

Dated: February 12, 1975.

WILLIAM H. FELDMILLER,
Acting Conservation Manager
Central Region.

[FR Doc. 75-5603 Filed 3-3-75; 8:45 am]

OKLAHOMA-TEXAS

Definition of Known Geologic Structure of
Producing Oil and Gas Field

Pursuant to 43 CFR 3100.7 and delega-
tions of authority in 220 Departmental
Manual 41.G, Geological Survey Manual
220.12B(2), and Conservation Division
Supplement (Geological Survey Manual)
220.11P(2), notice is hereby given that
the known geologic structure of a produc-
ing oil and gas field has been defined as
follows:

Name of Field, Effective Date, Acreage

(36) (43) OKLAHOMA-TEXAS

Rubop-Southeast Feldman Field, May 9,
1973, 45,098 acres.

Map and diagram showing the boundary
of the defined structure has been filed
with the appropriate land office of the
Bureau of Land Management. Copy of
the diagram and the land description
may be obtained from the Regional Con-
servation Manager, U.S. Geological
Survey, Building 25, Federal Center,
Denver, Colorado 80225.

Dated: January 3, 1975.

GEORGE H. HORN,
Conservation Manager,
Central Region.

[FR Doc. 75-5606 Filed 3-3-75; 8:45 am]

National Park Service

SLEEPING BEAR DUNES NATIONAL
LAKESHORE ADVISORY COMMISSION

Notice of Meeting

Notice is hereby given in accordance
with the Federal Advisory Committee Act
that a meeting of the Sleeping Bear
Dunes National Lakeshore Advisory
Commission will be held at 1 p.m. (e.d.t.),
March 21, 1975, Frontenac Room, 105
Second Street, Frankfort, Michigan.

The Commission was established by
Pub. L. 91-479 to meet and consult with
the Secretary of the Interior on gen-
eral policies and specific matters related
to the administration and development
of the Sleeping Bear Dunes National
Lakeshore.

The members of the Commission are
as follows:

Mr. John B. Daugherty, Chairman
Mr. Noble D. Travis, Vice Chairman
Mr. William B. Bolton
Mr. Samuel Eberly
Mr. Carl T. Johnson
Mr. John A. Stahlin
Mr. John D. Stanz
Mr. Louis P. Twardzik
Mrs. Charles R. Williams
Mr. Charles H. Yeates

The matters to be discussed at this
meeting include:

1. Status of land acquisition program.
2. Identification of new Commission members.
3. Superintendent's report.
4. Proposed transfer of State of Michi-
gan lands to National Park Service.
5. Advisory Commission Committee re-
ports.
6. Proposed 1975 seasonal operation.

The meeting will be open to the pub-
lic. It is expected 40 members of the pub-
lic will be able to attend the session. Any
member of the public may file with the
Commission a written statement concern-
ing the matters to be discussed.

Persons wishing further information
concerning this meeting, or who wish to
submit written statements, may contact
J. A. Martinek, Superintendent, Sleeping
Bear Dunes National Lakeshore, Frank-
fort, Michigan at 616-352-9611. Minutes
of the meeting will be available for pub-
lic inspection four weeks after the meet-
ing at the office of the Superintendent,
Sleeping Bear Dunes National Lake-
shore, 400 1/2 Main Street, Frankfort,
Michigan 49635.

Dated: February 19, 1975.

MERRILL D. BEAL,
Regional Director,
National Park Service.

[FR Doc. 75-5607 Filed 3-3-75; 8:45 am]

Office of the Secretary

NATIONAL PETROLEUM COUNCIL

Notice of Meeting

Pursuant to the provisions of the Fed-
eral Advisory Committee Act (Pub. L.
92-463, 86 Stat. 770), notice is hereby
given of the following meeting:

The National Petroleum Council will
meet at 9 a.m. on March 18, 1975 in the

Minnesota, 10 counties—1974

County	Excessive rainfall	Below normal temperatures	Drought	Frost and/or freeze	Hail
Brown			June 10 to Sept. 1	Sept. 3, 15, 22	
Cass	May 1 to June 10		July 1 to Aug. 15	Sept. 2, 3	
Grant	May 8 to May 17	May 1 to May 31	June 11 to July 11	Sept. 3	
Hubbard			July 1 to Aug. 1	Sept. 2, 3	
Lincoln			June 10 to Aug. 10	Sept. 2, 22	
McLeod				Sept. 3, 22	
Meeker			Apr. 1 to Sept. 30	Sept. 2, 22	July 23
Shelburne		Aug. 1 to Aug. 31	July 1 to July 31	Sept. 1, 3, 22	
Washington			June 12 to Aug. 1	Sept. 2, 3, 22	
Winona				Sept. 2, 3, 22, 23	

Therefore, the Secretary has desig-
nated these areas as eligible for Emer-
gency loans, pursuant to the provisions
of the Consolidated Farm and Rural De-
velopment Act, as amended by Pub. L.
93-237, and the provisions of 7 CFR
1832.3(b) including the recommendation

Department of the Interior Auditorium,
18th and C Streets, NW., Washington,
D.C. The agenda will include final and
progress reports on current studies
relating to the following topics:

1. The possibilities for energy conserva-
tion in the United States and the impact of
such measures on the future energy posture
of the nation.
2. Emergency preparedness (impacts of
interruptions of oil imports into the United
States).
3. Petroleum resources under the ocean
floor.

The meeting will be open to the public
to the extent that space and facilities
permit. Any member of the public may
file a written statement with the Coun-
cil either before or after the meeting.
Interested persons who wish to speak at
the meeting must apply to the Council
and obtain approval in accordance with
its established procedure.

The purpose of the National Petroleum
Council is to provide advice, information
and recommendations to the Secretary of
the Interior, upon request, on any mat-
ter relating to petroleum or the petro-
leum industry.

Further information with respect to
this meeting may be obtained from Ben
Tafuya, Office of the Assistant Secretary-
Energy and Minerals, Department of the
Interior, Washington, D.C., telephone
number 343-7976.

Dated: February 27, 1975.

C. K. MALLORY,
Deputy Assistant Secretary
of the Interior.

[FR Doc. 75-5720 Filed 3-3-75; 8:45 am]

DEPARTMENT OF AGRICULTURE

Farmers Home Administration

[Designation Number A157]

MINNESOTA

Designation of Emergency Areas

The Secretary of Agriculture has found
that a general need for agricultural cred-
it exists in ten counties in Minnesota as
a result of various adverse weather con-
ditions. The following chart shows the
counties, natural disasters, and dates on
which the disasters occurred.

of Governor Wendell R. Anderson that
such designation be made.

Applications for Emergency loans must
be received by this Department no later
than April 24, 1975, for physical losses
and November 24, 1975, for production
losses, except that qualified borrowers

who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5665 Filed 3-3-75; 8:45 am]

[Designation Number A082, Amdt. 1]

MISSOURI

Designation of Emergency Areas

The Secretary of Agriculture has found that an additional general need for agricultural credit exists in the following counties in Missouri:

Chariton	Ralls
Davless	Vernon

The Secretary has found that this additional need exists as a result of a natural disaster consisting of freeze October 1 and 2 in Chariton and Davless Counties, freeze September 30 and October 1 and 2 in Ralls County, and excessive rainfall and flooding with sleet and snow November 2 to December 31, 1974, in Vernon County.

Therefore, the Secretary has designated these areas as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR (b) including the recommendation of Governor Christopher S. Bond that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 21, 1975, for physical losses and July 18, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5660 Filed 3-3-75; 8:45 am]

[Designation Number A083, Amdt. 1]

MISSOURI

Designation of Emergency Area

The Secretary of Agriculture has found that an additional general need for agricultural credit exists in Randolph County, Missouri, as a result of a natural disaster consisting of freeze October 1 and 2, 1974.

Therefore, the Secretary has designated this area as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendation of Governor Christopher S. Bond that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 21, 1975, for physical losses and July 24, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated area makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5661 Filed 3-3-75; 8:45 am]

[Designation Number A154]

SOUTH DAKOTA

Designation of Emergency Areas

The Secretary of Agriculture has found that a general need for agricultural credit exists in five counties in South Dakota as a result of drought and frost. The following chart shows the counties and the incidence periods of the disasters.

County	Drought—1974	Frost—1974
Aurora	June 15 to Nov. 30	Sept. 4
Buffalo	July 1 to Nov. 1	Sept. 3
Douglas	July 1 to Sept. 30	Sept. 3
Hyde	June 15 to Dec. 27	Sept. 3
Jerauld	June 29 to Nov. 30	Sept. 3

Therefore, the Secretary has designated these areas as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendation of Governor Richard F. Knelp that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 21, 1975, for physical losses and November 21, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5662 Filed 3-3-75; 8:45 am]

[Designation Number A152]

TENNESSEE

Designation of Emergency Areas

The Secretary of Agriculture has found that a general need for agricultural credit exists in the following counties in Tennessee:

Carroll	Hardeman
Chester	Haywood
Crockett	Lauderdale
Payette	Madison
Gibson	Tipton

The Secretary has found that this need exists as a result of natural disasters consisting of:

Excessive rainfall—April 1 to June 17, 1974, August 6 to September 30, 1974, December 1 to 14, 1974.

Below normal temperatures—June 2 to October 26, 1974, with freezing and frost—November 10 through 15 and November 25 through 29, 1974.

Flooding—June 1-17, 1974.

Dry weather—July 1 to August 5, 1974.

Early frost—October 3, 1974.

Therefore, the Secretary has designated these areas as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendations of former Governor Winfield Dunn and Governor Ray Blanton that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 21, 1975, for physical losses and November 20, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5663 Filed 3-3-75; 8:45 am]

[Designation Number A149]

WISCONSIN

Designation of Emergency Areas

The Secretary of Agriculture has found that a general need for agricultural credit exists in six counties in Wisconsin as a result of various natural disasters. The following chart shows the counties, natural disasters, and the incidence periods during which the disasters occurred.

Wisconsin, 6 counties—1974

County	Excessive rainfall	Drought	Hail	Frost and/or freeze
Adams	June 9 to 27	July 1 to 31	June 14, 29, July 3, and Aug. 13	Sept. 1 to 4, 21, and 22
Columbia	May 9 to 25	July 1 to 31	June 14, 28, and 29, Aug. 2 and 18	Sept. 21 and 22
Dodge	Apr. 11 to June 3	June 10 to Aug. 15		Sept. 1 to 4, 21, and 22, Oct. 1, 2, and 3
Manitowish	May 1 to June 30 (cool)	July 1 to Oct. 6 (cool)		Sept. 1, 3, 4, and 18
Winnebago				Sept. 2, 3, 4, 5, 22, and 23

Therefore, the Secretary has designated these areas as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendation of Governor Patrick J. Lucey that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 18, 1975, for physical losses and November 18, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5666 Filed 3-3-75;8:45 am]

[Designation Number A076, Amdt. 2]

WISCONSIN

Designation of Emergency Area

The Secretary of Agriculture has found that an additional general need for agricultural credit exists in Sauk County, Wisconsin, as a result of a natural disaster consisting of killing frost September 21 and 22, 1974.

Therefore, the Secretary has designated this area as eligible for Emergency

loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendation of Governor Patrick J. Lucey that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 18, 1975, for physical losses and July 11, 1975, for production losses, except that qualified borrowers who receive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated area makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5664 Filed 3-3-75;8:45 am]

[Notice of Designation Number A153]

SOUTH DAKOTA

Designation of Emergency Areas

The Secretary of Agriculture has found that a general need for agricultural credit exists in 12 counties in South Dakota as a result of various adverse weather conditions. The following chart shows the counties, natural disasters and dates on which the disasters occurred:

SOUTH DAKOTA—12 counties

County	Drought, 1974	Hailstorm, 1974	Frost, 1974	Blizzard, 1975
Beaumont	June 1 to Sept. 30	June 21		
Brookings				Jan. 10 to 12
Campbell	May 1 to Oct. 1			
Corral	June 1 to Nov. 1		Sept. 3	Do.
Dewey	June 1 to Aug. 31			Jan. 10 to 11
Harris	June 1, Nov. 1		Sept. 3	Jan. 10 to 12
Hand				Jan. 9 to 11
Hyde				Do.
Ingersoll				Jan. 10 to 11
Lake				Jan. 9 to 12
Lincoln				Jan. 10 to 11
Moody				Jan. 9 to 12

Therefore, the Secretary has designated these areas as eligible for Emergency loans, pursuant to the provisions of the Consolidated Farm and Rural Development Act, as amended by Pub. L. 93-237, and the provisions of 7 CFR 1832.3(b) including the recommendation

of Gov. Richard F. Kneip that such designation be made.

Applications for Emergency loans must be received by this Department no later than April 21 for physical losses and November 21, 1975, for production losses, except that qualified borrowers who re-

ceive initial loans pursuant to this designation may be eligible for subsequent loans. The urgency of the need for loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 25th day of February, 1975.

FRANK B. ELLIOTT,
Administrator,
Farmers Home Administration.

[FR Doc.75-5494 Filed 3-3-75;8:45 am]

Soil Conservation Service
CENTRAL SONOMA WATERSHED
PROJECT, CALIFORNIA

Negative Declaration

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, and 40 CFR 1500.6(e) of the Council on Environmental Quality Guidelines (38 FR 20550) August 1, 1973; and 7 CFR 650.8(b)(3) of the Soil Conservation Service Guidelines (39 FR 19651) June 3, 1974; the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for Brush Creek—Channels 43 and 43A of the Central Sonoma Watershed Project in eastern Sonoma County, California.

The environmental assessment of this federal action indicates that the project will not create significant adverse local, regional or national impacts on the environment and that no significant controversy is associated with the project. As a result of these findings, Mr. G. H. Stone, State Conservationist, Soil Conservation Service, USDA, P.O. Box 1019, Davis, California 95616, has determined that the preparation and review of an environmental impact statement is not needed for this project.

The project concerns a plan for watershed protection and flood prevention. The remaining planned works of improvement described in the negative declaration include 0.5 miles of channel modification on Brush Creek—Channels 43 and 43A in the City of Santa Rosa, Sonoma County, California.

The environmental assessment file is available for inspection during regular working hours at the following locations:

2544 Cleveland Avenue, Suite 3-A, Santa Rosa, CA 95401.
2828 Chiles Road, Davis, CA 95616.

Requests for the Negative Declaration should be sent to the above addresses.

No administrative action on implementation of the uncontracted project work will be taken until March 19, 1975.

(Catalog of Federal Domestic Assistance Program No. 10.904, National Archives Reference Services)

Dated: February 24, 1975.

WILLIAM B. DAVEY,
Deputy Administrator for Water
Resources Soil Conservation Service.

[FR Doc.75-5568 Filed 3-3-75;8:45 am]

LITTLE YADKIN RIVER WATERSHED PROJECT, NORTH CAROLINA

Negative Declaration

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; 40 CFR 1500.6(e) of the Council on Environmental Quality Guidelines (38 FR 20550) August 1, 1973; and 7 CFR 650.8(b)(3) of the Soil Conservation Service Guidelines (39 FR 19651) June 3, 1974; the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for installation of land conservation measures, 251 acres of critical area stabilization and floodwater retarding structures Nos. 2 and 6 of the Little Yadkin River Watershed Project, Forsyth, Stokes and Surry Counties, North Carolina.

The environmental assessment of this federal action indicates that the project will not create significant adverse local, regional, or national impacts on the environment and that no significant controversy is associated with the project. As a result of these findings, Mr. Jesse L. Hicks, State Conservationist, Soil Conservation Service, USDA, 310 New Bern Avenue, Raleigh, North Carolina 27611, has determined that the preparation and review of an environmental impact statement is not needed for this project.

The project concerns a plan for watershed protection and flood prevention. The remaining planned works of improvement described in the negative declaration include conservation land treatment, stabilization of 251 acres of critically eroding areas, supplemented by two single purpose floodwater retarding structures.

The environmental assessment file is available for inspection during regular working hours at the following location:

Soil Conservation Service, USDA, Room 524 Federal Building, 310 New Bern Avenue Raleigh, North Carolina 27611

Requests for the Negative Declaration should be sent to the above address.

No administrative action on implementation of the proposal will be taken until March 19, 1975.

(Catalog of Federal Domestic Assistance Program No. 10.904, National Archives Reference Services.)

Dated: February 20, 1975.

WILLIAM B. DAVEY,
Deputy Administrator for Water
Resources, Soil Conservation
Service.

[FR Doc.75-5570 Filed 3-3-75; 8:45 am]

THREE MILE CREEK WATERSHED PROJECT, IOWA

Negative Declaration

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; 40 CFR 1500.6(e) of the Council on Environmental Quality Guidelines (38 FR 20550) August 1, 1973; and 7 CFR 650.8(b)(3) of the Soil Conservation

Service Guidelines (39 FR 19651) June 3, 1974; the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for that portion of the Three Mile Creek Watershed Project, Adair and Union Counties, Iowa, containing the eleven remaining grade stabilization structures.

The environmental assessment of this federal action indicates that the project will not create significant adverse local, regional, or national impacts on the environment and that no significant controversy is associated with the project. As a result of these findings, Mr. Wilson T. Moon, State Conservationist, Soil Conservation Service, USDA, 823 Federal Building, 210 Walnut Street, Des Moines, Iowa 50309, has determined that the preparation and review of an environmental impact statement is not needed for this project.

The project concerns a plan for watershed protection, flood prevention, municipal and industrial water supply and recreation. The remaining planned works of improvement include 11 grade stabilization structures.

The environmental assessment file is available for inspection during regular working hours at the following location:

Soil Conservation Service, USDA, 823 Federal Building, 210 Walnut Street, Des Moines, Iowa 50309

Requests for Negative Declarations should be sent to the above address.

No administrative action on implementation of the proposal will be taken until March 19, 1975.

(Catalog of Federal Domestic Assistance Program No. 10.904, National Archives Reference Services.)

Dated: February 20, 1975.

WILLIAM B. DAVEY,
Deputy Administrator for Water
Resources, Soil Conservation
Service.

[FR Doc.75-5569 Filed 3-3-75; 8:45 am]

SHAWNEE RC&D PROJECT, ILLINOIS

Negative Declaration

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, and 40 CFR 1500.6e of the Council on Environmental Quality Guidelines (38 FR 20550), August 1, 1973; and 7 CFR 650.8(b)(3) of the Soil Conservation Service Guidelines (39 FR 19651), June 3, 1974; the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for the Egyptian School Flood Prevention Measure, Alexander County, Ill.

The environmental assessment of this Federal action indicates that the project will not create significant adverse local, regional, or national impacts on the environment and that no significant controversy is associated with the project. As a result of these findings, Mr. Daniel E. Holmes, State Conservationist, Soil Conservation Service, USDA, Federal

Building, 200 West Church Street, Champaign, Ill. 61820, has determined that the preparation and review of an environmental statement is not needed for this project.

The project concerns a plan for conservation land treatment supplemented by a flood prevention levee for the Egyptian School Building, the adjacent sewage lagoon and aeration unit, and playground.

The environmental assessment file is available for inspection during regular working hours at the following location:

Soil Conservation Service, USDA, Federal Building, 200 West Church Street, Champaign, Illinois 61820.

No administrative action on implementation of the proposal will be taken until March 19, 1975.

(Catalog of Federal Domestic Assistance Program No. 10.901, National Archives Reference Services.)

Dated: February 24, 1975.

VICTOR H. BARRY, Jr.,
Deputy Administrator for Field
Services, Soil Conservation
Service.

[FR Doc.75-5567 Filed 3-3-75; 8:45 am]

DEPARTMENT OF COMMERCE

Foreign Trade Zones Board

[Docket No. 1-75]

DORCHESTER COUNTY, SOUTH CAROLINA

Application for a Foreign-Trade Zone; Public Hearing Scheduled

Notice is hereby given that an application has been submitted to the Foreign-Trade Zones Board (the Board) by the South Carolina State Ports Authority, Charleston, South Carolina, requesting a grant of authority for the establishment of a foreign-trade zone in Dorchester County, South Carolina, which is adjacent to the Charleston port of entry. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81), and the regulations of the Board (15 CFR Part 400). Under South Carolina law (section 54-23, Code of Laws of South Carolina) the applicant is empowered to seek authority to establish, operate and maintain foreign-trade zones within the State.

The proposal calls for a foreign-trade zone of 20 acres within the 200-acre Tri-County Industrial Park located 2.5 miles west of Summerville, South Carolina, in Dorchester County. The site is on Highway 78, 16 miles from the South Carolina State Ports Authority terminal in North Charleston and 12 miles from the Charleston Municipal Airport. An office-warehouse complex covering 100,000 square feet will be the first building constructed within the zone. Additional facilities will be provided based on need. Southern Railway tracks run alongside the industrial park and Interstate 26 intersects Highway 78 one mile from the

the. Under a 20 year lease agreement with the South Carolina State Ports Authority the Carolina Trade Zone, a partnership organized under South Carolina law, will operate the zone.

The application includes economic data and information concerning the need for a zone to serve the area's business community. Surveys conducted by the applicant disclosed the interest of several firms in the special Customs procedures offered by foreign-trade zones. Some of the firms requesting this service are: a bearing manufacturer which would use the zone as a distribution center for imports and exports, an engine-generator firm which would add domestic generators to imported engines and export about 40 percent of the finished product, a textile manufacturer, a paper products manufacturer, and, an importer of marble and ceramics.

The proposal is part of the State's efforts to bolster the economy of the tri-county area in which the zone will be located. The area has been designated an EDA redevelopment district and the applicant feels the zone will help create jobs and raise tax revenue.

In accordance with the Board's regulations an examiners committee has been appointed to investigate the application and report thereon to the Board. The committee consists of:

Rugh Dolan, Chairman, Office of the Secretary, Department of Commerce, Washington, D.C. 20230.

David C. Humphreys, District Director, U.S. Customs Service, U.S. Customhouse, Charleston, South Carolina 29402.

Colonel Harry S. Wilson, District Engineer, U.S. Army Engineer District, Charleston, P.O. Box 919, Charleston, South Carolina 29402.

In connection with its investigation of the proposal the examiners committee will hold a public hearing beginning at 8:30 a.m., local time, March 26, 1975, at the South Carolina State Ports Authority Main Office Building, Room 212, 176 Concord Street, Charleston, South Carolina. The purpose of the hearing is to help inform interested persons on the proposal, to provide an opportunity for their expression of views, and to obtain information useful to the examiners committee.

Interested persons are invited to present their views at the hearing. Such persons should, by March 21, 1975, notify the Board's Executive Secretary in writing at the address below of their desire to be heard. In lieu of an oral presentation written statements may be submitted to the examiners committee through the Executive Secretary at any time from the date of this notice until 15 days after the conclusion of the hearing. A copy of the application and accompanying exhibits will be available during this time for public inspection at each of the following locations:

Office of the District Director, U.S. Customs Service, Room 121, U.S. Customhouse, 200 E. Bay Street, Charleston, South Carolina 29402.

South Carolina State Ports Authority, Main Office Building, Reception Desk, 176 Concord Street, Charleston, South Carolina 29402.

Office of the Executive Secretary, Foreign-Trade Zones Board, Room 6886B, U.S. Department of Commerce, 14th and E Streets, NW., Washington, D.C. 20230.

Dated: February 26, 1975.

JOHN J. DA PONTE, Jr.,
Executive Secretary,
Foreign-Trade Zones Board.

[FR Doc.75-5699 Filed 3-3-75; 8:45 am]

Office of the Secretary

[Order 10-3; Admin. 1]

ASSISTANT SECRETARY FOR DOMESTIC AND INTERNATIONAL BUSINESS

Department Organization

This order, effective February 11, 1975, amends the material appearing at 39 FR 27484 of July 29, 1974.

Department Organization Order 10-3 of July 5, 1974 is hereby amended as follows:

1. Sec. 1. *Purpose*. Paragraph .02 is deleted.

2. Sec. 3. *Scope of authority*. Subparagraph .03g. is deleted.

3. Sec. 4. *Delegation of authority*. a. Subparagraph .01r. is revised to read as follows:

"r. The Export Administration Act of 1969 (50 U.S.C. App. 2401 et seq.), as amended and extended by the Equal Export Opportunity Act (Pub. L. 92-412, 86 Stat. 644), and the Export Administration Act Amendments of 1974 (Pub. L. 93-500, 88 Stat. 1552) and the authority under those Acts delegated to the Secretary of Commerce by Executive Order 11533 of June 4, 1970 as continued in effect by Executive Orders 11683 of August 29, 1972, 11798 of August 14, 1974, and 11818 of November 5, 1974, except that the following power, authority, and discretion shall be reserved to the Secretary:

"1. The determinations required by section 7(c) with respect to the publication or disclosure of confidential information obtained under the provisions of the Act, and

"2. The submission of reports to the President and to the Congress required by section 10 of the Act; "

b. Delete the word "and" at the end of subparagraph .01u.

c. Delete the period at the end of subparagraph .01v. and add a semicolon.

d. New subparagraphs .01w. and .01x. are added to read as follows:

"w. The Foreign Investment Study Act of 1974 (Pub. L. 93-479, 88 Stat. 1450), which provides for a comprehensive, overall study of foreign direct investments in the United States. The functions thereunder shall be carried out in close coordination with the Administrator, Social and Economic Statistics Administration (Department Organization Order 35-4A, paragraph 3.01f.), including thereunder to the extent feasible the division or assignment of responsibilities.

Any regulations established to carry out functions under the Act and reports to be submitted to the Congress are to be issued by the Secretary; and

"x. Section 6 of the Federal Water Pollution Control Act amendments of 1972 (Pub. L. 92-500; 86 Stat. 816, 33 U.S.C. 1251 nt. (Supp. III 1973)) relating to the preparation of a report from the Secretary of Commerce to the President and to the Congress on the effects of pollution abatement on international trade."

4. Sec. 5. *Functions*. a. Subparagraph c. is revised to read as follows:

"c. Conduct Commerce programs involving the expansion of international commerce, including research, analysis and the development of program and policy initiatives in the areas of international trade, finance and investment; expansion of East-West trade and other commercial relations; promotion of business-consumer relations; competitive assessment; domestic and international labor-management relations; energy programs; import quota administration; export administration; trade adjustment assistance; the collection, analysis and dissemination of selected information on various industries, commodities and markets; the preparation and execution of plans for industrial mobilization readiness; and participation in domestic and international trade fairs and exhibitions as is necessary to the performance of DIBA's functions."

b. Add the word "and" at the end of subparagraph e.

c. Delete the semicolon and the word "and" at the end of subparagraph f. and add a period in their place.

d. Delete subparagraph g.

Effective date: February 11, 1975.

FREDRICK B. DENT,
Secretary of Commerce.

GUY W. CHAMBERLIN, Jr.,
Acting Assistant Secretary
for Administration.

[FR Doc.75-5726 Filed 3-3-75; 8:45 am]

CTAB PANEL ON SULFUR OXIDE CONTROL TECHNOLOGY

Notice of Establishment

In accordance with the provisions of the Federal Advisory Committee Act (5 U.S.C. App. I—Supp. II 1972) and Office of Management and Budget Circular A-63 of March 1974, and after consultation with OMB, the Secretary of Commerce has determined that the establishment of the CTAB Panel on Sulfur Oxide Control Technology is in the public interest in connection with the performance of duties imposed on the Department by law.

The Panel will advise the Secretary, through the Assistant Secretary for Science and Technology, on how the utility industry in the Northeastern United States can best utilize sulfur-bearing Appalachian coal in meeting energy needs while complying with the Clean Air Act of 1970.

The Panel will consist of no more than twenty (20) members. To insure balanced representation, we shall seek members representing utilities, pertinent desulfurization systems suppliers, state environmental agencies, academic experts and at least one environment oriented citizen's group.

The Panel will function solely as an advisory body, and in compliance with the provisions of the Federal Advisory Committee Act. Its Charter is being filed under the Act, concurrent with the publication of this notice.

Interested persons are invited to submit comments regarding the establishment of the CTAB Panel on Sulfur Oxide Control Technology. Such comments, as well as inquiries, may be addressed to the Commerce Technical Advisory Board (CTAB), U.S. Department of Commerce, Washington, D.C. 20230.

Dated: February 27, 1975.

GUY W. CHAMBERLIN, Jr.,
Acting Assistant Secretary
for Administration.

[FR Doc. 75-5700 Filed 3-3-75; 8:45 am]

[Order 40-1]

**DOMESTIC AND INTERNATIONAL
BUSINESS ADMINISTRATION**
Department Organization

This order, effective February 11, 1975, supersedes the material appearing at 39 FR 1871 of January 15, 1974; 39 FR 13015 of April 10, 1974; 39 FR 27337 of July 26, 1974; and 39 FR 40600 of November 19, 1974.

Sec. 1. *Purpose.* .01 This order prescribes the organization and assignment of functions within the Domestic and International Business Administration (DIBA). Department Organization Order 10-3 prescribes the functions of DIBA and the scope of authority of the Assistant Secretary for Domestic and International Business.

.02 This revision—reflects the transfer of the Domestic Business Policy Analysis Staff to the Departmental Office of Policy Development;—adds the function of carrying out a study of foreign direct investment in the United States in 1974 to the Office of International Finance and Investment;—revises the functions of the Office of Ombudsman for Business, Office of Business Research and Analysis, and the renamed Office of Business and Legislative Issues (formerly Office of Policy Research), of the Bureau of Domestic Commerce, and—incorporates the provisions of all prior amendments.

Sec. 2. *Organization and Structure.* The principal organization structure and line of authority of DIBA shall be as depicted in the attached organization chart (Exhibit 1). A copy of the organization Chart is attached to the original of this document on file in the Office of the Federal Register.

Sec. 3. *Office of the Assistant Secretary for Domestic and International Business.* .01 The Assistant Secretary for

Domestic and International Business determines policy, directs the programs and is responsible for all activities of DIBA.

.02 The Deputy Assistant Secretary for Domestic and International Business shall perform such duties as the Assistant Secretary shall assign; shall carry out the Assistant Secretary's responsibilities in connection with the Defense Production Act of 1950 as amended and extended; and shall assume the duties of the Assistant Secretary during the latter's absence.

Sec. 4. *Staff Offices.* .01 The Office of Field Operations shall serve as the Department's principal medium of contact with the business community at local levels for the functions listed below, most of which will be performed through Regional Offices and subordinate District Offices located throughout the country (Exhibit 2). A copy of Exhibit 2 is attached to the original of this document on file in the Office of the Federal Register.

a. Ascertaining the needs and desires for information and assistance relevant to the private economy that fall within the scope of Commerce's responsibilities, arranging or participating in the effective delivery of Commerce's business-related information products, and assisting in the planning and design of additional business information;

b. Providing local assistance and service to business communities in utilizing information and related business aids of Commerce and of other agencies, and performing the field work and services involved in the programs of DIBA, and for other organizations of Commerce as may be arranged from time to time;

c. Promoting participation of the general business community in the resolution of economic and business problems of the Nation;

d. Publishing the "Commerce Business Daily";

e. Through the Regional or District Offices located in the ten Uniform Federal Regional Council Cities, serving as the Department's principal coordinator at the regional level for Federal Preparedness Planning, Crisis Management and Emergency Operations. Accordingly, the Office Directors in the ten cities (i.e., Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco and Seattle), having been designated Regional Emergency Coordinators, acting in accordance with instructions and guidance issued by the Director, Departmental Office of Emergency Readiness, through the Office of Field Operations, shall represent the Secretary and shall be the principal advisory and contact point for the Department for emergency readiness matters in their respective areas; and

f. The DIBA field structure shall be as depicted in Exhibit 3 to this order. A copy of Exhibit 3 is attached to the original of this document on file in the Office of the Federal Register.

.02 The Office of Public Affairs shall advise DIBA officials and organizational elements on all public affairs and infor-

mation service matters; provide centralized information services for DIBA; conduct and be responsible for all DIBA publications programs, consonant with the provisions of Department Organization Order 20-9, "Office of Publications"; provide speech writing and scheduling services for DIBA; and maintain liaison for DIBA with the Departmental Office of Publications, the Departmental Office of Communications, and the news and trade media consonant with the provisions of Department Organization Order 15-3, "Office of Communications."

Sec. 5. *Deputy Assistant Secretary for International Economic Policy and Research.* The Deputy Assistant Secretary for International Economic Policy and Research who shall head the International Economic Policy and Research staff shall assist and advise the Assistant Secretary in the research, analysis and formulation of international economic and commercial programs and policies relating to trade, finance and investment, and competitive assessment; shall initiate and review research studies on developments affecting U.S. trade and commercial interests abroad and provide statistical information and analysis on the foreign trade of the U.S. and of foreign countries; shall be responsible for development and coordination of policy formulation within DIBA; represent the Department in international trade and other negotiations; and supervise the Department's interagency policy role in such organizations as the National Security Council, the Council on International Economic Policy, the Office of the Special Trade Representative, and the National Advisory Council on International Monetary and Financial Policies. The Deputy Assistant Secretary shall be assisted by a Deputy Staff Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The Deputy Assistant Secretary shall direct the activities of the following organizational units:

.01 The Office of International Trade Policy shall be responsible for the development and implementation of the Department's positions on all aspects of U.S. international trade policy, including trade legislation and Tariff Commission findings, trade negotiations, consultations with industry, and trade and commercial policy relations with individual countries, regional economic groupings, and international organizations. For all such trade policy matters, the Office shall represent the Department on interagency committees, and in international meetings on trade policy matters; analyze and comment on relevant legislative proposals; prepare the Department's positions on Tariff Commission findings, bilateral trade policy issues and bilateral trade negotiations; manage the consultations with U.S. industry in support of multilateral trade negotiations; analyze and act on international transportation and insurance problems affecting U.S. business; maintain relationships and representation with business and trade groups; and, through appropriate

channels, make representations to foreign governments on behalf of U.S. business on the maintenance of their full rights under the terms of treaties and international agreements of the United States. In carrying out these responsibilities, the Office shall coordinate international trade policy issues among the DIBA components.

02 The Office of International Finance and Investment shall be responsible for the development and implementation of the Department's policies relating to international investment, finance, monetary affairs, U.S. and foreign taxation, standards, patent and copyright protection, and related matters arising from the international commercial and investment operations of U.S. firms. The Office shall also carry out DIBA's responsibilities for the conduct of a study of foreign direct investment in the United States in 1974.

03 The Office of Competitive Assessment shall assess the competitiveness of American industry in domestic and international markets. This shall include studies of specific industries, sectors, and functions of the American economy and major foreign economies for the purpose of anticipating shifts in competitive conditions, and analyses of key competitive factors within and across industries in the U.S. and abroad.

04 The Office of Economic Research shall conduct research studies on developments affecting U.S. trade and commercial interests abroad; shall be responsible for the development and coordination of econometric models concerned with longer-term U.S. trade and investment projections; and shall serve as liaison with U.S. Government research and intelligence agencies as well as with private research groups.

Sec. 6. Directorate of Administrative Management. The Deputy Assistant Secretary for Administrative Management, DIBA, shall be the principal assistant and advisor to the head of DIBA on administrative management matters and shall direct the activities of the Directorate of Administrative Management which shall provide administrative management services for all DIBA organizational components. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Directorate shall be carried out through the principal organizational elements as prescribed below:

01 The Office of Personnel shall develop and administer personnel management programs including recruitment, placement, employee development, classification, labor-management relations, equal employment opportunity, and employee relations and provide liaison with the Departmental Office of Personnel.

02 The Office of Management and Systems shall provide management, organization and systems analysis, including management studies and surveys and organizational planning studies; conduct a position management program; coordinate ADP systems development and

the DIBA program management information system; perform the committee management, directives management, records disposition management, forms management, files management, and reports management functions for DIBA; coordinate GAO and Departmental audits within DIBA; and provide liaison with the Departmental Office of Organization and Management Systems.

03 The Office of Administrative Support shall provide administrative and support services including personnel, physical, and document security; safety; correspondence control; parking and space management; shall provide procurement liaison; and shall coordinate and process communications between the Department of Commerce and posts abroad, consistent with any administrative agreements between the Assistant Secretary for Domestic and International Business and the Assistant Secretary for Administration.

04 The Office of Budget shall develop the DIBA program structure and program memorandum; assess program effectiveness; formulate, present, and execute the budget for DIBA; effect financial and budgetary controls; prepare budget reports; and provide liaison with the Departmental Office of Budget and Program Analysis.

Sec. 7. Bureau of International Commerce (BIC). The Deputy Assistant Secretary for International Commerce shall assist and advise the Assistant Secretary on export expansion, and shall serve as National Export Expansion Coordinator. Within the framework of overall DIBA goals, the Deputy Assistant Secretary shall determine the objectives of the Bureau—a mainline component of DIBA—formulate policies and programs for achieving those objectives, and direct the execution of Bureau programs. The Deputy Assistant Secretary shall be responsible for representing the interests of the Department to other agencies with regard to the official representation of U.S. commercial interests abroad. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

01 The Office of Market Planning shall provide principal planning and strategy development for the Bureau, shall develop and review Bureau role, objectives, and operating plans on a worldwide basis, shall identify those sectors of U.S. industry with the greatest export growth potential and examine foreign markets offering the greatest export opportunities to U.S. industry; shall develop guidelines for allocation of resources for DIBA-sponsored export programs; shall establish "intensive promotion cycles" for BIC export expansion activities; shall measure and evaluate Bureau programs, and shall coordinate the development of Bureau publications, communications programs, information systems, country commercial programs,

and the Office of Field Operations/BIC agreement.

02 The Office of Export Development shall conduct activities in the United States designed to stimulate export marketing in all segments of the domestic economy which have the capability to export; shall develop promotional activities for increasing national awareness of export potentials and benefits, and for improving Government/business cooperation in export development; shall be the focal point for the export expansion activities involving DIBA district offices; shall provide information on commercial participants in world trade and furnish specific trade investment opportunities to U.S. businessmen; shall assist qualified U.S. firms in achieving maximum participation in major systems and development projects abroad; shall provide coordination for DIBA participation in domestic trade fairs; shall encourage foreign direct capital investments and licensing by foreign firms in the United States; and shall provide information and other services consistent with U.S. balance of payments policies and objectives, to U.S. firms undertaking investments overseas.

03 The Office of International Marketing shall provide overseas marketing assistance to U.S. companies through a variety of informational and promotional techniques; shall plan and implement individual country programs to support the marketing needs of U.S. business on a targeted industry, product, and market basis, and shall maintain appropriate information services for all such activities; shall direct the exhibitions program at commercial trade fairs and U.S. trade centers; and shall have responsibility for carrying out any activities resulting from the participation of the United States in the International Exposition on the Environment at Spokane, Washington.

Sec. 8. Bureau of Resources and Trade Assistance. The Deputy Assistant Secretary for Resources and Trade Assistance shall determine the objectives of the Bureau—a mainline component of DIBA—formulate the policies and programs for achieving those objectives, and direct execution of the programs. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

01 The Office of Import Programs shall deal with import problems involving industries experiencing difficulties from import competition and on problems in the field of international trade in primary commodities. For such import-impacted industries, and as otherwise required, it shall maintain inter-agency relationships and coordinate legislative comment, international negotiations, and representation with business and trade groups. It shall process applications for duty free importation of

educational, scientific and cultural materials; process applications to import foreign excess property into the United States; perform staff work pertaining to the allocation of watches and watch movements among producers in the Virgin Islands, Guam, and American Samoa; provide executive secretarial services and administrative support to the Foreign-Trade Zones Board; analyze information pertaining to international trade in selected industrial products and analyze developments affecting U.S. imports of or international trade in primary commodities; and represent the Department in U.S. Government participation in international agreements and arrangements on commodities and industrial products.

02 The Office of Textiles shall conduct studies and analyses of the fiber, textile and apparel sector of the industrial economy; provide interpretive data on trends affecting the sector's economic stability, and recommend appropriate Government action to improve the economic position of the sector; participate in administration and negotiation of international and bilateral textile agreements; and coordinate interagency relations, legislative comment, and liaison with relevant industry and trade groups.

03 The Office of Trade Adjustment Assistance shall recommend policies and procedures concerned with trade adjustment assistance matters and implementation of applicable provisions of the Trade Expansion Act of 1962; recommend policies and procedures of adjustment assistance to minimize the adverse effects of import competition on industry; and administer the Trade Adjustment Assistance program.

04 The Office of Energy Programs shall be responsible for the Department's energy programs including energy policy development, comment on legislative proposals, and coordination of existing and proposed Commerce energy programs; shall be the principal point of contact for development of policy and programs for the stimulation of domestic energy production and the development of new energy resources; provide staff assistance to the Department's representative on the Oil Import Appeals Board; and shall monitor certain energy-related commodities for short supply export controls.

Sec. 9. The Bureau of Domestic Commerce. The Deputy Assistant Secretary for Domestic Commerce shall determine the objectives of the Bureau—a mainline component of DIBA—formulate policies and programs for achieving those objectives, and direct execution of the Bureau's programs. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

01 The Office of Industrial Mobilization shall perform national defense and industrial mobilization functions, as follows: assist in achieving, through administration of priorities and allocations and other means, an adequate supply of

strategic, critical, and other products and materials for defense and defense-supporting activities and essential civilian needs, including the timely completion of current military, atomic energy, and space programs for production, construction, and research and development; and participate in the development of national plans to assure maximum readiness of the industrial resources of the United States, including the means for administering them, to meet any future demands of any national emergency.

02 The Office of Business and Legislative Issues shall provide analyses and quantitative assessments of domestic business and legislative issues that support, supplement or complement activities of other elements of the Domestic and International Business Administration, the Department, or other agencies of the Government engaged in developing and evaluating domestic business policy options.

03 The Office of Business Research and Analysis shall collect, maintain, and analyze domestic and international data on individual commodities and industries, such as production, pricing, inventories, marketing, labor, financing, taxation, and location and size of companies, exclusive of data related to the fiber, textile, and apparel sector of the industrial economy, which shall be the responsibility of the Bureau of Resources and Trade Assistance. (The fiber, textile and apparel sector of the industrial economy shall be the responsibility of the Bureau of Domestic Commerce insofar as required for the administration of the Defense Production Act of 1950, as amended.) This information will be used in support of policy decisions and program actions by the Bureau of Domestic Commerce, the Department of Commerce, and other areas of the Government. The Office shall monitor problem commodities for short supply export controls.

The Office shall also certify U.S. firms as "bona fide motor-vehicle manufacturers" qualified to trade under the provisions of the U.S.-Canadian Automotive Agreement, and prepare the President's Annual Report to Congress concerning implementation of the Automotive Products Trade Act of 1965.

04 The Office of Ombudsman for Business shall serve as a focal point for business assistance, consultation, and advice; receive and respond to inquiries from business and industry, the Congress, other agencies of the Government, and the public; identify and take action to clarify business concerns involving Government policies and programs; serve as the Department contact in consumer affairs matters with other Government agencies, business and public organizations. In carrying out its functions, the Office shall not represent, intervene on behalf of, or otherwise seek to assist business and individuals on specific matters, cases, or issues before Federal regulatory agencies or before Federal departments exercising a regulatory function with respect thereto; nor shall it participate in, intervene in

regard to, or in any way seek to influence, the negotiation or renegotiation of the terms of contracts between business and the Government.

Sec. 10. The Bureau of East-West Trade. The Deputy Assistant Secretary for East-West Trade, shall determine the objectives of the Bureau—a mainline component of DIBA—formulate policies and programs for achieving those objectives and direct execution of the programs. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The objectives, policies and programs of the Bureau of East-West Trade shall relate to the U.S.S.R., People's Republic of China, Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania, East Germany, the Soviet zone of Berlin, and certain other areas of the world with similar economic/political structures, and, where necessary for export control purposes, shall relate to other countries. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

01 The Office of East-West Trade Development shall, with regard to the countries and areas specified, be responsible for the development and implementation of policy and program recommendations with regard to trade and other commercial relations; gathering information bearing on commercial relations and providing advisory services and information for U.S. firms or industrial groups; developing and disseminating studies of market potential for U.S. trade with these countries and areas; developing and executing programs, in cooperation with the Bureau of International Commerce and, as appropriate, other parts of the Department, for U.S. trade promotional events and trade missions to the specified countries and areas; coordinating activities relating to foreign commercial services and commercial representation in these countries; and providing country and area information and advice on trade and relations with such areas for the U.S. co-chairmen of joint trade commissions.

02 The Office of East-West Trade Analysis shall, with regard to the specified countries and areas, carry out economic analyses of trade and other commercial relationships with such countries; provide analytical support for the development of trade policy and the conduct of trade negotiations; apply operations and systems analysis techniques to the problems faced by the United States in its trade with the specified countries and areas and to the impact of third country economic activities on such trade; provide for the collection, cataloging, and retrieval of relevant East-West trade information; and propose and monitor contracts for studies pertaining to East-West trade.

03 The Office of the Joint Commission Secretariat shall provide executive secretariat services to U.S. joint commercial commissions with the U.S.S.R., Poland, and as may be established with

other countries; maintain broad East-West trade contracts and two-way information flow with U.S. and foreign industry groups, trade associations, universities, and other non-governmental organizations; develop and maintain in accord with applicable department orders, and with the assistance of the Office of East-West Trade Analysis, storage and retrieval systems for information in the Bureau's areas of interest, and propose contracts for such systems; and provide coordination of Bureau-related publications, legislative comment and interagency studies.

4. The Office of Export Administration shall administer and, in conjunction with the Departmental Office of the General Counsel, enforce the regulations and programs required to carry out Departmental responsibilities under the Export Administration Act of 1969, as amended; develop policies and measures for the administration of U.S. exports of commodities and technical data; seek, in collaboration with other Federal agencies, the adoption by foreign countries of such controls over their exports as will assist the policies of the United States with respect to trade between the free world and the specified countries and areas, and with such other areas as national security and foreign policy may require; and provide secretariat and support services to the Advisory Committee on Export Policy, the Export Administration Review Board, and Technical Advisory Committees established under the Export Administration Act of 1969 as amended.

TILTON H. DOBBIN,
Assistant Secretary for Domestic and International Business.

GUY W. CHAMBERLIN, JR.,
Acting Assistant Secretary for Administration.

[FR Doc. 75-5722 Filed 3-3-75; 8:45 am]

[Order 35-4A; Adm. 2]

SOCIAL AND ECONOMIC STATISTICS ADMINISTRATION

Department Organization

This order, effective February 11, 1975, further amends the material appearing at 27 FR 3461 of February 16, 1972; and 38 FR 9451 of April 16, 1973.

Department Organization Order 35-4A dated January 1, 1972, is hereby further amended as follows:

Sec. 3. Delegation of Authority. A new subparagraph .01f. is added to read:

f. The Foreign Investment Study Act of 1974 (Pub. L. 93-479), 88 Stat. 1450, which provides for a comprehensive, overall study of foreign direct investments in the United States. The functions thereunder shall be carried out in close coordination with the Assistant Secretary for Domestic and International Business (Department Organization Order 10-3, paragraph 4.01w.), including thereunder to the extent feasible the division or assignment of responsibilities. Any regulations established to

carry out functions under the Act and reports to be submitted to the Congress are to be issued by the Secretary.

FREDERICK B. DENT,
Secretary of Commerce.

GUY W. CHAMBERLIN, JR.,
Acting Assistant Secretary for Administration.

[FR Doc. 75-5721 Filed 3-3-75; 8:45 am]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

BILINGUAL VOCATIONAL TRAINING

Closing Date for Receipt of Applications

Notice is hereby given that, pursuant to the authority contained in section 194 (a) of Part J of the Vocational Education Act, as added by section 841(a)7 of the Education Amendments of 1974, Pub. L. 93-380, applications are being accepted for bilingual vocational training project grants and contracts. Processing of these applications will be subject to the availability of funds.

Applications must be received by the U.S. Office of Education, Application Control Center on or before April 11, 1975.

A. Applications sent by mail. An application sent by mail should be addressed as follows: U.S. Office of Education, Application Control Center, 400 Maryland Avenue, SW., Washington, D.C. 20202, Attention 13.558. An application sent by mail will be considered to be received on time by the Application Control Center if:

(1) The application was sent by registered or certified mail not later than April 7, 1975, as evidenced by the U.S. Postal Service postmark on the wrapper or envelope, or on the original receipt from the U.S. Postal Service; or

(2) The application is received on or before the closing date by either the Department of Health, Education, and Welfare, or the U.S. Office of Education mail rooms in Washington, D.C. (In establishing the date of receipt, the Commissioner will rely on the time-date stamp of such mail rooms or other documentary evidence of receipt maintained by the Department of Health, Education, and Welfare, or the U.S. Office of Education.)

B. Hand delivered applications. An application to be hand delivered must be taken to the U.S. Office of Education Application Control Center, Room 5673, Regional Office Building Three, 7th & D Streets, SW., Washington, D.C. Hand delivered applications will be accepted daily between the hours of 8 a.m. and 4 p.m. Washington, D.C. time, except on Saturdays, Sundays, or Federal holidays. Applications will not be accepted after 4 p.m. on the closing date.

C. Program information and forms. (1) Information and application forms may be obtained from the Division of Research and Demonstration, Bureau of Occupational and Adult Education, U.S. Office of Education, Regional Office Building Three, Room 5020, 7th and D Streets, SW., Washington, D.C. 20202.

(2) To be eligible for review by the U.S. Office of Education, applications shall be submitted to the State Board for Vocational Education, for comment and should include the comment of that State board or agency with the application as required by Section 196(b) of Part J (20 U.S.C. 1261). All applications must be submitted in accordance with 45 CFR, Part 103, Subpart E, of the program regulations.

D. State Board for Vocational Education comment. An application received by the U.S. Office of Education in accordance with the notice of closing date and time requirement, not containing comments of the State Board for Vocational Education will be eligible for review. However, this does not waive the State Board for Vocational Education comment requirement. Therefore, all applicants have ten (10) calendar days following the first State Board meeting held, after the application was submitted to the U.S. Office of Education, to submit comments only of the State Board for Vocational Education to the U.S. Office of Education. State Board for Vocational Education comments submitted apart from the application are to be submitted to the Division of Research and Demonstration, Bureau of Occupational and Adult Education, Office of Education, Regional Office Building Three, Room 5020, 7th & D Streets, SW., Washington, D.C. 20202. An application submitted not containing comments of the State Board for Vocational Education shall indicate the date of the State Board for Vocational Education meeting when the application will be reviewed for comment. In the event the State Board for Vocational Education is reluctant in providing timely comment on the application, the applicant shall notify the Demonstration Branch, Division of Research and Demonstration, Bureau of Occupational and Adult Education, U.S. Office of Education, Regional Office Building Three, Room 5020, Washington, D.C. 20202, (202-245-2614) of the circumstances. Upon such notification U.S. Office of Education officials will intervene and follow-up in obtaining State Board for Vocational Education comments.

E. Eligible applicants. The following are eligible for grants or contracts, as set forth in section 194(a) of the Act and § 103.43 of the regulations:

(1) State agencies; (2) Local educational agencies; (3) Postsecondary educational institutions; (4) Private nonprofit vocational training institutions; and (5) Nonprofit educational or training organizations especially created to serve a group whose language as normally used is other than English (substantiate eligibility).

Private for-profit agencies and organizations are only eligible for contracts.

F. Awards. Maximum award shall not exceed 12 months.

G. Applicable regulations. The regulations applicable to this program include the Office of Education General Provisions Regulations (45 CFR 100a) and the regulations on Bilingual Vocational Training (45 CFR Part 103 Subpart E).

published in the proposed rules section of this issue of the **FEDERAL REGISTER**.

(20 U.S.C. 1393-1393f)

(Catalog of Federal Domestic Assistance Number 13.658; Bilingual Vocational Training).

Dated: February 24, 1975.

T. H. BELL,
U.S. Commissioner of Education.

[FR Doc.75-5706 Filed 3-3-75; 8:45 am]

EDUCATION AMENDMENTS OF 1974

Notice of Conferences

Notice is hereby given that the Bureau of School Systems is sponsoring four conferences in the following cities on the dates specified:

San Jose, California, March 13-14.
Dallas, Texas, March 17-18.
Atlanta, Georgia, March 20-21.
Washington, D.C., March 24-25.

The primary purpose of these conferences is to discuss implementation of the "Education Amendments of 1974" (Pub. L. 93-380) and those regulations which have been published in the **FEDERAL REGISTER** prior to the conferences. There will be discussions to plan for specific actions essential to the implementation of the legislation. Assistance will be given to State educational agency personnel and other interested parties in resolving specific questions and concerns with regard to Pub. L. 93-380. Also, material will be provided which will be of assistance to SEA personnel and others in carrying out programs relative to implementation of the Amendments in their own State.

Signed at Washington, D.C. on February 27, 1975.

ROBERT R. WHEELER,
*Acting Deputy Commissioner,
Bureau of School Systems.*

[FR Doc.75-5701 Filed 3-3-75; 8:45 am]

National Institutes of Health

AUTOMATION IN THE MEDICAL LABORATORY SCIENCES REVIEW COMMITTEE

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Automation in the Medical Laboratory Sciences Review Committee, April 23-24, 1975, 9 a.m., National Institutes of Health, Building 31A, Conference Room 5. This meeting will be open to the public on April 23 from 9 a.m. to 12 noon for opening remarks and general discussion. Attendance by the public will be limited to space available. In accordance with the provisions set forth in sections 552 (b) (4) and 552 (b) (6), Title 5, U.S. Code and section 10(d) of Pub. L. 92-463, the meeting will be closed to the public on April 23 from 12 noon to 5 p.m., and April 24 from 9 a.m. to 5 p.m., for the review, discussion, evaluation, and ranking of individual contract proposals. The proposals contain information of a proprietary or confidential nature, including detailed research protocols, designs,

and other technical information; financial data, such as salaries; and personal information concerning individuals associated with the proposals.

Mr. Paul Deming, Research Reports Officer, NIGMS, Building 31, Room 4A46, Bethesda, Maryland 20014, Telephone: 301-496-5676, will provide a summary of the meeting and a roster of committee members.

Dr. Robert S. Melville, Executive Secretary, Automation in the Medical Laboratory Sciences Review Committee, Westwood Building, Room 954, Bethesda, Maryland 20014, Telephone: 301-496-7081, will furnish substantive program information.

Catalog of Federal Domestic Assistance Program No. 13-860, National Institute of General Medical Sciences, National Institutes of Health.

Dated: February 21, 1975.

SUZANNE L. FREMEAUX,
*Committee Management Officer,
National Institutes of Health.*

[FR Doc.75-5600 Filed 3-3-75; 8:45 am]

BOARD OF SCIENTIFIC COUNSELORS

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Board of Scientific Counselors, National Institute of Allergy and Infectious Diseases, May 23-24, 1975, National Institutes of Health, Building 31-C, Conference Room 8. This meeting will be open to the public from 9 a.m. to 5 p.m. on May 23-24, to review selected research activities of the intramural program of the National Institute of Allergy and Infectious Diseases. Attendance by the public will be limited to space available.

Mr. Robert L. Schreiber, Chief, Office of Research Reporting and Public Response, National Institute of Allergy and Infectious Diseases, National Institutes of Health, Building 31, Room 7A34, Bethesda, Md. 20014, telephone 496-5717, will provide summaries of the meeting and rosters of the Board members.

Dr. John R. Seal, Executive Secretary, Board of Scientific Counselors, National Institute of Allergy and Infectious Diseases, National Institutes of Health, Building 5, Room 137, Bethesda, Md. 20014, telephone 496-2144, will provide substantive program information.

Catalog of Federal Domestic Assistance Program No. 13-301, National Institutes of Health.

Dated: February 21, 1975.

SUZANNE L. FREMEAUX,
*Committee Management Officer,
National Institutes of Health.*

[FR Doc.75-5598 Filed 3-3-75; 8:45 am]

BLOOD DISEASES AND RESOURCES ADVISORY COMMITTEE

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Blood Diseases and Resources Advisory Com-

mittee, National Heart and Lung Institute, May 19 and 20, 1975, Building 31, Conference Room 7, National Institutes of Health.

The entire meeting will be open to the public from 9 a.m.-5 p.m., May 19 and May 20, 1975, to discuss the status of the Blood Diseases and Resources program, needs and opportunities. Attendance by the public will be limited to space available.

Mr. York Onnen, Chief, Public Inquiries and Reports Branch, National Heart and Lung Institute, Building 31, Room 5A21, National Institutes of Health, Bethesda, Maryland 20014, phone: (301) 496-4236, will provide summaries of the meeting and rosters of the committee members.

Dr. Fann Harding, Special Assistant to the Director, Division of Blood Diseases and Resources, National Heart and Lung Institute, Building 31, Room 4A05, National Institutes of Health, Bethesda, Maryland 20014, phone: (301) 496-5811, will furnish substantive program information.

Dated: February 24, 1975.

SUZANNE L. FREMEAUX,
*Committee Management Officer,
National Institutes of Health.*

[FR Doc.75-5594 Filed 3-3-75; 8:45 am]

CLINICAL APPLICATIONS AND PREVENTION ADVISORY COMMITTEE

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Clinical Applications and Prevention Advisory Committee, National Heart and Lung Institute, April 17 and 18, 1975, National Institutes of Health, Building 31, Conference Room 4.

This meeting will be open to the public on April 17 and 18, 1975, from 8:30 a.m. to 9:30 a.m. to discuss the current stage of progress of the Multiple Risk Factor Intervention Trial and the Hypertension Detection and Follow-Up Program. Attendance by the public will be limited to space available. In accordance with the provisions set forth in sections 552 (b) (4), and 552 (b) (6), Title 5, U.S. Code and section 10(d) of Pub. L. 92-463, the meeting will be closed to the public on April 17 and 18, 1975, from 9:30 a.m. to adjournment, for the review and discussion of contract proposals, the Coordinating Center of the Multiple Risk Factor Intervention Trial proposal and the Hypertension Detection and Follow-Up Program contracts. These proposals contain information of a confidential nature, including details of the clinical trial results and other technical information; financial data, such as salaries; and personal information concerning individuals associated with the contract proposals being reviewed.

Mr. York Onnen, Chief, Public Inquiries and Reports Branch, National Heart and Lung Institute, Building 31, Room 5A21, National Institutes of Health, Bethesda, Maryland 20014, phone (301) 496-4236, will provide summaries of the meeting and rosters of the committee

members. Dr. William J. Zukel, Executive Secretary of the Committee, Landow Building, Room C809, phone (301) 496-4533, will furnish substantive program information.

Catalog of Federal Domestic Assistance Program No. 13.837, National Institutes of Health.

Dated: February 21, 1975.

SUZANNE L. FREMEAU,
Committee Management Officer,
National Institutes of Health.

[FR Doc.75-5595 Filed 3-3-75;8:45 am]

CLINICAL TRIALS COMMITTEE A AND DEVELOPMENTAL THERAPEUTICS COM- MITTEE A

Notice of Establishment

The Director, National Institutes of Health, announces the establishment on February 6, 1975 of the advisory committees indicated below by the Director, National Cancer Program, National Cancer Institute under the authority of section 410(a)(3) of the Public Health Service Act (42 U.S.C. 286d). Such advisory committees shall be governed by the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) setting forth standards governing the establishment and use of advisory committees.

Same: Clinical Trials Committee A, Developmental Therapeutics Committee A

Purpose: These committees provide to the Director, NCI and the Director, Division of Cancer Treatment, NCI, advice on the technical competence of contract proposals submitted to the National Cancer Institute in the areas of clinical trials and developmental therapeutics for the program of the Division of Cancer Treatment. Authority for these committees will expire February 6, 1977.

Dated: February 25, 1975.

R. W. LAMONT-HAVERS,
Acting Director,
National Institutes of Health.

[FR Doc.75-5593 Filed 3-3-75;8:45 am]

CONTRACEPTIVE EVALUATION RESEARCH CONTRACT REVIEW COMMITTEE

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Contraceptive Evaluation Research Contract Review Committee, National Institute of Child Health and Human Development, April 16, 1975, Building 31, Wing A, Conference Room 3, National Institutes of Health, Bethesda, Maryland.

The entire meeting will be open to the public from 9 a.m. to 5 p.m. on April 16 for review of the current program and discussion of the FY 1976 budget and program development. Attendance by the public will be limited to space available. Mrs. Marjorie Neff, Committee Management Officer, NICHD, Landow Building, Room C-603, National Institutes of Health, Bethesda, Maryland, Area Code 301, 496-1756, will provide

summaries of the meeting and rosters of the committee members.

Dr. Heinz W. Berendes, Chief, Contraceptive Evaluation Branch, Center for Population Research, NICHD Landow Building, Room A-714, National Institutes of Health, Bethesda, Maryland, Area Code 301, 496-4924, will provide substantive program information.

Catalog of Federal Domestic Assistance Program No. 13.832, National Institutes of Health.

Dated: February 21, 1975.

SUZANNE L. FREMEAU,
Committee Management Officer,
National Institutes of Health.

[FR Doc.75-5599 Filed 3-3-75;8:45 am]

LIPID METABOLISM ADVISORY COMMITTEE

Notice of Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Lipid Metabolism Advisory Committee, National Heart and Lung Institute on March 24-25, 1975, from 8:30 a.m. to 5 p.m., in Building 31, Conference Room 3, Bethesda, Maryland. This meeting will be open to the public from 8:30 a.m. to 1 p.m. on March 24, 1975, to discuss administrative reports. Attendance by the public will be limited to space available.

In accordance with the provisions set forth in sections 552(b)(4) and 552(b)(6), Title 5, U.S. Code and section 10(d) of Pub. L. 92-463, the meeting of the Committee will be closed to the public on March 24 from 1 p.m. to 5 p.m. and on March 25, 1975, from 8:30 a.m. to 5 p.m., for the review, discussion and evaluation of renewal proposals of approximately 15 Lipid Research Clinic Program contracts. The contract proposals contain information of a proprietary or confidential nature, including detailed research protocols, designs, and other technical information; financial data, such as salaries; and personal information concerning individuals associated with the contracts.

Mr. York Onnen, Chief, Public Inquiries and Reports Branch, NHLI, National Institutes of Health, Building 31, Room 5A21, Bethesda, Maryland 20014, (301) 496-4236, will provide summaries of the meeting and rosters of the committee members.

Dr. Basil M. Rifkind, Chief, Lipid Metabolism Branch, NHLI, Building 31, Room 4A18, (301) 496-1681, will furnish substantive program information.

Date: February 19, 1975.

SUZANNE L. FREMEAU,
Committee Management Officer,
National Institutes of Health.

[FR Doc.75-5597 Filed 3-3-75;8:45 am]

PULMONARY DISEASES ADVISORY COMMITTEE

Meeting

Pursuant to Pub. L. 92-463, notice is hereby given of the meeting of the Pul-

monary Diseases Advisory Committee, National Heart and Lung Institute, on April 25 and 26, 1975 in Conference Room 5, Building 31, National Institutes of Health, Bethesda, Maryland.

The entire meeting will be open to the public on April 25, 1975, from 8:30 a.m. until 6 p.m. and on April 26, 1975, from 8:30 a.m. until 4 p.m. to discuss the Division of Lung Diseases programs relative to Pulmonary Academic Awards, Contracts and Specialized Centers of Research. Attendance by the public will be limited to space available.

Mr. York Onnen, Chief, Public Inquiries and Reports Branch, National Heart and Lung Institute, Building 31, Room 5A21, National Institutes of Health, Bethesda, Maryland 20014, phone (301) 496-4236, will provide summaries of the meeting and rosters of the committee members. Dr. Malvina Schweizer, Executive Secretary of the Committee, Westwood Building, Room 6A18, National Institutes of Health, Bethesda, Maryland 20014, phone (301) 496-7208, will furnish substantive program information.

Catalog of Federal Domestic Assistance Program No. 13.838, National Institutes of Health.

Dated: February 12, 1975.

SUZANNE L. FREMEAU,
Committee Management Officer,
National Institutes of Health.

[FR Doc.75-5596 Filed 3-3-75;8:45 am]

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

DARIEN GAP HIGHWAY

Availability of Statement on Environmental Impact Assessment

The Federal Highway Administration hereby gives notice that pursuant to 40 CFR 1500.11 it forwarded a final statement of its Environmental Impact Assessment on the environmental impact of the Darien Gap Highway, to the Council on Environmental Quality on February 19, 1975. Copies of this document may be obtained from the Office of Engineering and Traffic Operations, HEO-1, Federal Highway Administration, 400-7th Street SW., Washington, D.C. 20590.

Issued on February 24, 1975.

NORBERT T. TIEMANN,
Federal Highway Administrator.

[FR Doc.75-5615 Filed 3-3-75;8:45 am]

Federal Railroad Administration

[FRA Waiver Petition No. RST-75-2]

VERMONT

Petition for Waiver of Track Safety Standards

Notice is hereby given that the State of Vermont has petitioned the Federal Railroad Administration (FRA) for a temporary waiver of compliance with the requirements for track structure contained in §§ 213.103-213.143 of the FRA

Track Safety Standards (49 CFR 213) for a period to terminate no later than November 1, 1976.

The trackage for which the waiver is requested was previously owned by the Saint Johnsbury and Lamotte County Railroad Company. The tracks involved in the petition extend from Saint Johnsbury to Swanton, Vermont, a distance of approximately 96 miles.

This trackage was purchased by the State of Vermont in late 1973 after the original owners had sought to abandon the line. After acquiring the property the State of Vermont established a rehabilitation program, implementation of which was begun in May of 1974. Under this program approximately 56,000 cross-ties have been installed and 36,000 tons of ballast and seven miles of rail have been replaced. In addition, repair work on seven bridges and culverts has been accomplished to date.

In spite of the completion of this work, portions of the trackage involved do not conform to the requirements for Class I track established by FRA. In the next phase of this rehabilitation program the installation of 17,000 cross-ties, 16 sets of switch ties, 20,000 tons of ballast and two miles of rail is scheduled to be accomplished during 1975. The State of Vermont believes that this program will bring the trackage into compliance with FRA requirements for Class I track with the possible exception of the condition of some segments of the rail.

In order to permit operations to continue during the restoration program this year and, if necessary, during part of 1976, the State of Vermont is seeking this temporary waiver. The petitioner notes that only limited traffic moves over this line and that the commodities normally carried are asbestos, talc, grain and lumber. Present train movements consist of only one trip in each direction over this line and that these operate only six days each week.

Interested persons are invited to participate in these proceedings by submitting written data, views, or comments. FRA does not anticipate scheduling an opportunity for oral comment on these petitions since the facts do not appear to warrant it. An opportunity to present oral comments will be provided however, if requested by any interested person prior to March 18, 1975. All communications concerning these petitions should identify the appropriate Docket Number [FRA Waiver Petition Docket Number RST-75-21] and should be submitted in triplicate to the Docket Clerk, Office of Chief Counsel, Federal Railroad Administration, Nassif Building, 400 Seventh Street, SW., Washington, D.C. 20590. Communications received before April 15, 1975 will be considered by the Federal Railroad Administration before final action is taken. Comments received after that date will be considered so far as practicable. All comments received will be available, both before and after the closing date for communications, for examination by interested persons during regular business hours in Room 5101,

Nassif Building, 400 Seventh Street, SW., Washington, D.C. 20590.

This notice is issued under the authority of 45 U.S.C. 431; and § 1.49(n) of the regulations of the Office of the Secretary of Transportation, 49 CFR 1.49 (n).

Issued in Washington, D.C. on February 26, 1975.

DONALD W. BENNETT,
Chief Counsel.

[FR Doc.75-5658 Filed 3-3-75; 8:45 am]

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION BICENTENNIAL PROJECTS

Guidelines for FY 1975 Revenue Funds Matching Grant Assistance to Non-Profit Organizations

At its meeting of February 25, 1975, the American Revolution Bicentennial Board on the basis of a recommendation by the Administrator approved the following policy on American Revolution Bicentennial Administration (ARBA) use of non-appropriated revenue funds through the end of the fiscal year ending June 30, 1975.

POLICY STATEMENT

Section 2(f), section 8, and section 9 (a) (2) of Pub. L. 93-179 relate to the authority of the Administrator to use non-appropriated funds. Action is required by the Board for the establishment of a policy governing the use of such funds. Accordingly, the Administrator recommends that revenues available to the ARBA from the sale of PNC's, commemorative medals and the licensing of commemorative items as authorized under Pub. L. 93-179 be used for the following purposes: (1) Matching grants to State Bicentennial Commissions and non-profit entities as provided in section 9(a) (2) of the Act; (2) transfers to other Federal departments and agencies for purposes relating to or in furtherance of the Bicentennial commemoration as authorized in section 8 of the Act; and (3) expenditures by contract or other means in furtherance of the purposes of the Act pursuant to section 2(f) of the Act.

The amount of revenue funds allocated for each category of use shall be determined by the Board based on recommendations of the Administrator dependent upon availability thereof. For purposes of initial allocations through the fiscal year ending June 30, 1975, an amount not to exceed the amount allocated to State Bicentennial Commissions (\$2.2 million) be available for recommendation by the Administrator to the Board for matching grants for projects of special national or international significance, and for ARBA obligation by contract or other means to facilitate national program initiatives of the ARBA.

Introduction. Also, at its meeting of February 25, 1975, the American Revolution Bicentennial Board approved guidelines for ARBA FY 1975 revenue funds

matching grant assistance to non-profit organizations for Bicentennial projects which are of special national or international significance and authorized the following notice thereof to be published in the FEDERAL REGISTER.

GUIDELINES

The American Revolution Bicentennial Administration has been directed by the Congress in Pub. L. 93-179 to "stimulate and encourage" projects in each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico and the Territories, as well as projects of national and international significance. To the extent funds are available, either from Congressional appropriations or from commemorative sales, ARBA has a responsibility to provide financial assistance to States as well as to national and international programs.

In compliance with those Congressional directives pertaining to national and international Bicentennial programs, ARBA is initiating a new program of matching grants to assist non-profit organizations sponsoring programs of special interest and need. Funding of this program is authorized by law only from non-appropriated revenues.

Interested persons should contact the ARBA, Office of States, Programs and Master Calendar, 2401 E Street NW., Washington, D.C. 20276, telephone 202/634-1771 for further information and application forms.

General Information. As directed by the ARBA Board, ARBA will make matching grant awards under this new program for Bicentennial projects of special national or international significance sponsored by non-profit organizations, subject to the availability of funds therefor, through the end of the fiscal year, June 30, 1975. Such grants will be made from among applications which are received within 40 days following publication of this notice.

This program will be funded solely with non-appropriated revenues derived from the sale of commemorative medals and the licensing of commemorative items as authorized under Pub. L. 93-179. These sales generate limited revenues and are being allocated during FY 75 by the ARBA Board, between this new program, the on-going program of assistance to State Bicentennial Commissions, and for ARBA obligations as indicated in the ARBA Policy Statement above.

The ARBA Board has directed the Administrator to review all grant applications received within the 40-day period, to advise the Board at each meeting of the amount of funds available, and to present for Board consideration those applications which he recommends for grant approval.

The completed application form and all required accompanying materials must be submitted in duplicate to the Administrator, American Revolution Bicentennial Administration, 2401 E Street NW., Washington, D.C. 20276.

General Purpose. The purpose of this program is to (1) assist the development and support of Bicentennial programs and projects of special national and international significance¹ within the themes of Heritage '76, Festival USA, and Horizons '76 as referred to in section 4(a) of Pub. L. 93-179; (2) encourage an overall balanced program for the Bicentennial commemoration within such themes, geographically across the Nation, and, to the extent possible, abroad; (3) give special emphasis to the ideas associated with the Revolution which have been so important in the development of the United States in world affairs and in mankind's quest for freedom as provided in section 4(d) of Pub. L. 93-179; (4) encourage maximum interest and participation in the Bicentennial by citizens and institutions; and (5) give special consideration to projects relevant to or including participation of youth, women, minority, ethnic groups and native Americans.

Eligibility. ARBA support is limited to non-profit organizations which meet the following criteria:

1. To be eligible to receive grant funds, a non-profit organization must be determined to be tax exempt by the Internal Revenue Service. Non-profit organizations, which have been so determined, must submit a copy of the IRS letter of tax exempt status with their application.
2. A non-profit organization which has not yet been determined to be tax exempt by the Internal Revenue Service may submit applications for grant assistance. However, in the event of approval of the application by the Board, no funds will be disbursed to the applicant until a copy of an IRS letter of tax exempt status is submitted to ARBA.

3. Organizations must meet the requirement of Title VI of the Civil Rights Act of 1964 for the duration of any project supported in whole or in part by the ARBA.

4. An organization shall not be a legally constituted government entity—Federal, State, or municipal.

Grant Application. The grant application shall consist of the following, submitted in duplicate:

1. Completely executed "Application for Federal Assistance" (Short form, Part 1).
2. "Application for Federal Assistance" (Short form, Part 2, Budget Data).
3. A Program Narrative Statement which may be included in the space provided on the "Application for Federal Assistance" (Short form, Part 2, Budget Data) or in attachments, if additional space is necessary.
4. A copy of Internal Revenue Service determination letter of tax exempt status, if available.
5. A brief history of the organization including members of the Board and officials of the organization, with brief biographical sketches.
6. State length of time applicant has been in existence, and where applicable, a summary of most recent operations and programs including income and budget data and potential source of proposed matching funds.

¹In special instances, these may include local or regional programs or projects which can be considered as prototypes or models for replications throughout the Nation.

7. Such additional information as you may wish to submit or ARBA may request.

Criteria for Application Review. 1. Applications will be reviewed according to the following criteria:

- (a) Furtherance of the purposes of Pub. L. 93-179 and the Grant Program;
- (b) Soundness and quality of project;
- (c) Potential impact of the project—nationwide, worldwide maximum impact in relation to ARBA statutory objectives;
- (d) Organizational stability and qualifications and experience of managerial personnel;
- (e) Feasibility of project; Project must bear a direct relation to, but is not confined to the period between March 1975 and December 31, 1976;
- (f) Reasonableness of estimated costs in relation to anticipated results.

2. Any grant application which meets the above criteria and is awarded a grant shall be accorded Official ARBA Recognition since it will have also met all criteria for such Recognition.

Grant Provisions. (Notz.—Federal Management Circular (FMC) 74-7 referenced herein has replaced OMB Circular A-102. No substantive changes have been made to Circular A-102 (Revised).)

1. Provisions for inclusion in grants under this program are set forth below. The Board may modify or include such other provisions as in its sole discretion it may determine.

2. Purpose of the grant is to assist the non-profit grantee organization (hereinafter referred to as the "Grantee") in developing and supporting Bicentennial programs and projects of special national and international significance which meet the announced general purposes of the program.

3. To be eligible to receive grant funds, a non-profit organization must be determined to be tax exempt by the Internal Revenue Service. Non-profit organizations, which have been so determined, must submit a copy of the IRS letter of tax exempt status with their application.

4. A non-profit organization which has not yet been determined to be tax exempt by the Internal Revenue Service may submit applications for grant assistance. However, in the event of approval of the application by the Board, no funds will be disbursed to the applicant until a copy of an IRS letter of tax exempt status is submitted to ARBA.

5. Grants will be made up to 50 percent of the total cost of the project to be assisted. A minimum of 50 percent of the Grantee's matching-share requirement shall be in non-Federal dollars. The remainder of the matching-share requirement may, in the Grantee's discretion, be "in-kind." (Reference: FMC 74-7 Attachment F—Matching Share)

6. A Bicentennial project must be operational or completed during or before 1976, and have some residual value where appropriate.

7. The Grantee will assure that grant funds will be disbursed for the ARBA

approved project in accordance with the provisions of the Grant Agreement.

8. A Grantee must have reasonable assurance that it can meet the matching share requirement for the project. ARBA funds will not be disbursed until the Grantee provides written certification to ARBA that the matching share requirement has been met. Such certification must be submitted within six months of date of grant award. Where no certification is received within such period, grant funds shall cease to be available to the Grantee and any funds disbursed by ARBA to the Grantee and not otherwise disbursed pursuant to the Grant Agreement shall be returned immediately to ARBA.

9. The application for grant shall include a time schedule for completion of the project, detailed cost data, a narrative description of the project, an explanation as to how the project contributed to the overall Bicentennial objectives of the ARBA and a plan for raising funds required for completion of the project (if not already available) including potential sources of funding. Each application shall also include a completed "BINET" form describing the project. (Reference: FMC 74-4 Attachment B—Standards for Selected Items of Cost)

10. The Bicentennial project to be assisted need not be capable of completion with the grant funds and matching share requirement; however, it must be demonstrated to the ARBA that a reasonable expectation exists that additional funding can be raised to complete the project in a timely fashion.

11. To apply for a grant, the applicant shall use the "Application for Federal Assistance (Short Form)" Parts I through IV, and shall be filed by the Grantee with the Administrator, ARBA, 2401 E Street NW., Washington, D.C. 20276.

12. Award of a grant for a Bicentennial project shall be construed as constituting official ARBA recognition thereof and use of the ARBA logo is authorized in accordance with the ARBA Graphics Standards Manual.

13. Grantee shall establish and maintain a separate bank account for deposit of grant funds and establish and maintain a separate grant account reflecting all receipts, obligations, and disbursement of grant funds. Financial records, including substantiating documentation (e.g., payroll, vouchers, invoices, bills) must be maintained. (Reference: FMC 74-7 Attachment A—Cash Depositories and Attachment G—Standards for Grantee Financial Management System)

14. No grant funds may be used for any costs which were incurred or for which commitment was made, before the effective date of the grant award.

15. Financial reports and descriptive project reports will be required as ARBA may specify. As a minimum, Grantee shall submit financial and descriptive reports semi-annually and within 90 calendar days after the completion of the project. Financial reports shall be in

duplicate on the "Report of Federal Cash Transactions" form. The descriptive project reports will include a comparison of project accomplishments to goals established at inception, notable successes, reasons for not meeting goals, if applicable, and other pertinent information. (Reference: FMC 74-7 Attachment H—Financial Reporting Requirements and Attachment I—Monitoring and Reporting of Program Performance)

In addition to the above reports, the Grantee shall inform ARBA as soon as known of:

(a) Significant accomplishments which relate to project objectives.

(b) Significant problems, delays or adverse conditions, actual or anticipated, which will materially affect the project objectives or prevent the meeting of time schedules. If any of these conditions change the budget estimates by more than \$1,500 or 10 percent of the total grant amount, whichever is the greater, a request for approval must be submitted to ARBA in accordance with applicable provisions hereof.

(c) Steps taken or contemplated to resolve the situation enumerated in (b) above.

(d) Other developments or events which may have a significant impact upon the accomplishment of project objectives.

(Reference: FMC 74-7 Attachment I—Monitoring and Reporting of Program Performance)

16. Grantee will maintain records regarding obligation and disbursement of grant funds for a period of three years following the completion of the project. Such records shall be available for review by the GAO and the ARBA. (Reference: FMC 74-7 Attachment C—Retention and Custodial Requirements for Records)

17. The grant may be terminated by ARBA in whole or in part, after consultation with the Grantee, at ARBA's discretion. Such termination shall not affect any Grantee commitments which in judgment of ARBA became firm prior to effective date of termination. Grantee shall not incur new obligations for the project after the effective date of termination and shall cancel as many outstanding obligations as possible. The Grantee shall promptly make a full accounting to ARBA and refund to ARBA any grant funds not otherwise legally available to the Grantee pursuant to the terms of the Grant Agreement. (Reference: FMC 74-7 Attachment L—Grant Closeout Procedures)

18. Grantee shall request ARBA approval for budget revisions which:

(a) Result from changes in the scope or objective of the grant-supported project.

(b) Result in cumulative transfers of amounts among direct budget categories in excess of \$1,500 or 10 percent of the total grant amount, whichever is the greater.

(Reference: FMC 74-7 Attachment I—Monitoring and Reporting of Program Performance)

NOTE.—For grant revisions or changes, the standard form which is used for the grant application shall be used when requesting approvals.

19. Grant funds which are not used in accordance with the approved grant application shall be refunded to the ARBA. In addition, if the final project cost is

less than the amount estimated at the inception of the grant, ARBA funds may not exceed 50 percent of the final cost and any grant funds exceeding 50 percent of the final project cost must be returned to the ARBA. (Reference: FMC 74-7 Attachment L—Grant Closeout Procedures)

20. Grant funds will be advanced by U.S. Treasury check as needed to meet current disbursement needs for a forthcoming period not exceeding 90 days, or in the full amount for grants of \$2,500 or less. Each request for advance shall be submitted in duplicate on the "Request for Advance or Reimbursement" form. (Reference: FMC 74-7 Attachment J—Grant Payment Requirements)

21. Grantee is required to return to the ARBA interest earned on advances of funds, if any. Other program income earned during the grant period may be either added to the project and used for further eligible program objectives, if any, or deducted from the program cost. (Reference: FMC 74-7 Attachment E—Program Income)

22. Real or Personal property, if any, acquired under the grant may be used for other eligible programs, if any, or treated in accordance with FMC 74-7 Attachment N—Property Management Standards.

23. The Grantee shall select subcontractors (including suppliers) on a competitive basis to the maximum practicable extent consistent with the objectives of the grant program. (Reference: FMC 74-7 Attachment O—Procurement Standards)

JOHN W. WARNER,
Administrator.

FEBRUARY 27, 1975.

[FR Doc. 75-5727 Filed 3-3-75; 8:45 am]

CIVIL AERONAUTICS BOARD

[Docket 27234; Order 75-2-103]

ALLEGHENY AIRLINES, INC.

Order to Show Cause

Adopted by the Civil Aeronautics Board at its office in Washington, D.C. on the 26th day of February, 1975.

Application of Allegheny Airlines, Inc., for amendment of its certificate of public convenience and necessity for route 97 so as to delete Lafayette, Ind.

By application filed December 24, 1974, Allegheny Airlines, Inc. (Allegheny), requests an amendment to its certificate of public convenience and necessity for route 97 so as to delete Lafayette, Ind., therefrom, by show-cause procedures.

In support of its deletion application, Allegheny alleges, *inter alia*, that: it has been operating an experimental service at Lafayette consisting of a single daily BAC-111 round trip between Lafayette and New York via Pittsburgh; based on

* Allegheny was authorized to operate the experimental service pattern at Lafayette by order 73-9-115, Sept. 28, 1973. Thereafter, service began on Oct. 1, 1973, but was temporarily discontinued on Jan. 7, 1974 because of the fuel crisis (order 74-1-3, Jan. 2, 1974). The service was recommenced on June 1, 1974 and was to continue for a minimum of 6 months or until Nov. 30, 1974.

results through November 30, 1974, Allegheny has concluded that it would be futile to continue the experimental service beyond the 6-month test period agreed upon with the city; consequently, the carrier determined to discontinue the Lafayette-Pittsburgh round trip effective January 7, 1975, and to replace it with a single CV-580 round trip in the Indianapolis market, the minimum necessary to satisfy its certificate requirement; the experimental service failed despite concerted efforts by Allegheny and the community to achieve success, including extensive advertising and promotional programs; continuation of service at Lafayette would result in a net loss of \$108,000 after allowance for return and tax; deletion of Allegheny's service at Lafayette will not leave the city isolated from the air transportation system, since Air Wisconsin provides ample commuter service in the city's two major markets, Chicago and Indianapolis, and substantial air service is available at Indianapolis' Weir Cook Airport located only 65 miles southeast of Lafayette via interstate highways; and deletion will result in an annual fuel savings of 100,000 gallons.

No answers to Allegheny's application have been received.

Upon consideration of the pleadings and all the relevant facts, we have decided to issue an order to show cause proposing to grant the requested deletion at Lafayette. We tentatively find and conclude that the public convenience and necessity require the amendment of Allegheny's certificate for route 97 so as to delete Lafayette, Ind., therefrom. The facts and circumstances which we have tentatively found to support our ultimate conclusion are as follows.

In terms of total passengers, the Lafayette-Chicago market was at one time Lake Central's largest market, totaling 43,000 passengers in 1967. How-

* Allegheny and Lafayette mutually agreed to a prescribed standard of 35 passengers per departure as the break-even patronage required to sustain the experimental jet service, producing a load factor of 45 percent. The parties determined that if, after a 6-month trial period, the service did not generate the required passengers, then it would be discontinued. Allegheny indicates that during the period June-November 1974, passengers per departure averaged under 20, with only 1 month—August—experiencing more than 20 (23.5). Thus, the flights fell short of achieving a break-even operation by more than 15 passengers per departure on the average.

* Air Wisconsin presently operates eight daily round trips between Lafayette and Chicago and three daily round trips between Lafayette and Indianapolis (Jan. 15, 1975 OAG).

* Our proposed action will not result in a major Federal action significantly affecting the quality of the environment within the meaning of the National Environmental Policy Act of 1969. Our decision would leave existing air taxi operations more or less unaffected, but would result in the elimination of Allegheny's four daily takeoffs and landings at Lafayette, with some small beneficial environmental effect.

* Allegheny and Lake Central were merged into one carrier in 1968.

ever, Allegheny's traffic declined significantly, partly because of Air Wisconsin's entry into the market and partly because of increasing use being made of the nearby Indianapolis airport. As a result, Allegheny gradually reduced service in the market from four round trips daily to two round trips. These flights produced about 11 passengers per departure on 50-seat CV-580 aircraft. Thus, service in the Chicago market became uneconomical. In an effort to attract additional passengers, Allegheny and officials at Lafayette agreed to an experimental jet service to Pittsburgh and New York for a minimum of 6 months (see footnote 1, *supra*). However, the results of the experiment have proved that there is little likelihood that the Pittsburgh/New York jet service could achieve a break-even result within the foreseeable future. Thus, Allegheny has attempted to provide a viable service in Lafayette's three primary markets without success.

The low traffic levels Allegheny has been experiencing at Lafayette have resulted in uneconomical operations for the carrier. Continuation of its services during 1975 will result in a net economic loss of approximately \$100,000. There is no reason to believe that the traffic experience and the financial results of Allegheny's Lafayette services have any reasonable chance of meaningful improvement in the foreseeable future, especially in light of the ample and convenient air transportation alternatives available to Lafayette travelers. Indianapolis' Weir Cook Airport is located only 65 miles and 71 minutes from Lafayette via Interstate 65. Air Wisconsin's commuter services at Lafayette are substantial and have been steadily increasing. Thus, the city is not isolated from the air transportation system. Finally, the absence of civic opposition to Allegheny's application lends support to our decision that the show-cause procedure is appropriate.

Interested persons will be given 30 days following the date of adoption of this order to show cause why the tentative findings and conclusions set forth herein should not be made final. We expect such persons to support their objections, if any, with detailed answers, specifically setting forth the tentative findings and conclusions to which objection is taken. Such objections should be accompanied by arguments of fact or law and should be supported by legal precedent or detailed economic analysis. If an evidentiary hearing is requested, the objector should state in detail why such a hearing is considered necessary and what relevant and material facts he would expect to establish through such a hearing that cannot be established in written pleadings. General, vague, or unsupported objections will not be entertained.

Accordingly, it is ordered, That: 1. All interested persons are directed to show cause why the Board should not issue an order making final the tentative findings and conclusions stated herein and amending the certificate of public convenience and necessity of Allegheny

Airlines, Inc., for route 97 so as to delete Lafayette, Ind., therefrom;

2. Any interested persons having objections to the issuance of an order making final any of the proposed findings, conclusions, or certificate amendments set forth herein shall, within 30 days after the date of adoption of this order, file with the Board and serve upon all persons listed in paragraph 6 a statement of objections together with a summary of testimony, statistical data, and other evidence expected to be relied upon to support the stated objections;

3. If timely and properly supported objections are filed, full consideration will be accorded the matters and issues raised by the objections before further action is taken by the Board;

4. In the event no objections are filed, all further procedural steps will be deemed to have been waived and the Board may proceed to enter an order in accordance with the tentative findings and conclusions set forth herein; and

5. A copy of this order shall be served upon Allegheny Airlines, Inc.; Governor, State of Indiana; Mayor, City of Lafayette; Indiana Aeronautics Commission; Airport Director, Purdue University Airport; and the U.S. Postal Service.

This order will be published in the FEDERAL REGISTER.

By the Civil Aeronautics Board:

[SEAL] PHYLLIS T. KAYLOR,
Acting Secretary.

[FR Doc.75-5715 Filed 3-3-75; 8:45 am]

ENVIRONMENTAL PROTECTION AGENCY

[OPP-32000/198 & 199, PRL 340-4]

RECEIPT OF APPLICATIONS FOR PESTICIDE REGISTRATION Data To Be Considered in Support of Applications

On November 19, 1973, the Environmental Protection Agency (EPA) published in the FEDERAL REGISTER (38 FR 31862) its interim policy with respect to the administration of section 3(c) (1) (D) of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), as amended. This policy provides that EPA will, upon receipt of every application for registration, publish in the FEDERAL REGISTER a notice containing the information shown below. The labeling furnished by the applicant will be available for examination at the Environmental Protection Agency, Room EB-31, East Tower, 401 M Street, SW, Washington DC 20460.

On or after May 2, 1975, any person who (a) is or has been an applicant, (b) believes that data he developed and submitted to EPA on or after October 21, 1972, is being used to support an application described in this notice, (c) de-

*All motions and/or petitions for reconsideration shall be filed within the period allowed for filing objections, and no further motions, requests, or petitions for reconsideration of this order will be entertained.

sires to assert a claim for compensation under section 3(c) (1) (D) for such use of his data, and (d) wishes to preserve his right to have the Administrator determine the amount of reasonable compensation to which he is entitled for such use of the data, must notify the Administrator and the applicant named in the notice in the FEDERAL REGISTER of his claim by certified mail. Notification to the Administrator should be addressed to the Information Coordination Section, Technical Services Division (WH-569), Office of Pesticide Programs, 401 M Street, SW, Washington DC 20460. Every such claimant must include, at a minimum, the information listed in the interim policy of November 19, 1973.

Applications submitted under 2(a) or 2(b) of the interim policy will be processed to completion in accordance with existing procedures. Applications submitted under 2(c) of the interim policy cannot be made final until the 60 days period has expired. If no claims are received within the 60 day period, the 2(c) application will be processed according to normal procedure. However, if claims are received within the 60 day period, the applicants against whom the claims are asserted will be advised of the alternatives available under the Act. No claims will be accepted for possible EPA adjudication which are received after May 2, 1975.

Dated: February 26, 1975.

JOHN B. RITCH, Jr.,
Director, Registration Division.

APPLICATIONS RECEIVED [OPP-32000/198]

EPA File Symbol 11329-0. Aladdin Chem. Co., Highway 152, PO Box 244, Rogers MN 55374. JUMBO CHLORINE TABLETS. Active Ingredients: Trichloro-S-Triazine-trione 99.5%. Method of Support: Application proceeds under 2(b) of interim policy. PM34

EPA File Symbol 7718-RL. Besco Corp., 200 N. Myrtle St., Metairie LA 70004. BESCO #100 ALGICIDE INHIBITOR. Active Ingredients: Alkyl (C14 58%, C16 28%, C12 14%) dimethyl benzyl ammonium chloride 10%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 6248-RG. Black Magic Co., PO Box 16453, Jacksonville FL 32216. BLACK MAGIC DIAZINON PLUS. Active Ingredients: O,O-diethyl O-(2-isopropyl-6-methyl-4-pyrimidinyl) phosphorothioate 0.50%; 2,2-dichlorovinyl dimethyl phosphate 0.46%; related compounds 0.04%; Aromatic petroleum derivative solvent 6.87%; Petroleum distillate 92.00%. Method of Support: Application proceeds under 2(c) of interim policy. PM14

EPA File Symbol 11694-AG. Dymon, Inc., PO Box 6235, 3401 Kansas Ave., Kansas City KS 66106. CHLOR-A-FOG INSECTICIDE CONCENTRATE KILLS FLIES AND MOSQUITOES. Active Ingredients: Aromatic Petroleum Derivative Solvent 85.00%; Methoxychlor Technical (11.19% 2,2-bis (p-methoxyphenyl)-1,1,1-trichloroethane and 1.31% related compounds) 12.50%; 2,2-Dichlorovinyl Dimethyl Phosphate 2.32%; Related compounds 0.18%. Method of Support: Application Proceeds under 2(c) of interim policy. PM13

EPA File Symbol 35380-E. Elston Co., Inc., 815 E 79th St., Minneapolis MN 55420. ELSTON STRYCHNINE. Active Ingredients: Strychnine Alkaloid 98.5%. Method of Support: Application proceeds under 2(c) of interim policy. PM11

EPA File Symbol 168-LNA. Entrada Industries, Inc., Wasatch Chem. Div., PO Box 6219, 1979 S. 700 W. Salt Lake City UT 84106. WASCO MINT KLEAN II. Active Ingredients: Octyl Decyl Dimethyl Ammonium Chloride 3.750%; Diethyl Dimethyl Ammonium Chloride 1.875%; Didecyl Dimethyl Ammonium Chloride 1.875%; Alkyl (C14 50%, C12 40%, C16 10%) Benzyl Dimethyl Ammonium Chloride 5.000%; Tetrasodium Ethylenediamine Tetraacetate 3.420%; Isopropyl Alcohol 3.000%; Ethyl Alcohol 1.000%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 11497-RU. Enviro Chem. Corp., 11262 Leo Lane, Dallas TX 75229. PURR BACTERIOSTATIC LAUNDRY SOFTENER CONCENTRATE. Active Ingredients: Octyl Decyl dimethyl ammonium chloride 15.0%; Diethyl dimethyl ammonium chloride 7.5%; Didecyl dimethyl ammonium chloride 7.5%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 2596-LT. The Hartz Mountain Corp., 700 S. 4th St., Harrison NJ 07029. HARTZ DOG FLEA & TICK KILLER. Active Ingredients: Pyrethrins 0.050%; Technical Piperonyl Butoxide 0.100%; N-Octyl Bicycloheptene Dicarboximide 2.167%; N,N-diethyl-m-toluamide 6.650%; Other isomers 0.350%; 2,3,4,5-Bis (2-butylene) tetrahydro-2-furaldehyde 0.500%; Di-n-propyl isocinchomeronate 0.500%; Petroleum distillate 4.683%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 2596-LI. The Hartz Mountain Corp., 700 S. 4th St., Harrison NJ 07029. HARTZ INSECT REPELLENT FOR DOGS #1. Active Ingredients: N,N-diethyl-m-toluamide 6.65%; Other isomers 0.35%; N-Octyl Bicycloheptene dicarboximide 2.00%; 2,3,4,5-Bis (2-butylene) tetrahydro-2-furaldehyde 0.50%; Di-n-propyl isocinchomeronate 0.50%; Petroleum distillate 5.00%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 8780-UU. High Point Mills, Inc., 1225 Lehigh Station Rd., Henrietta NY 14467. TURF LINE X-ANTHIC LAWN WEED KILLER PLUS TURF FERTILIZER. Active Ingredients: Dimethylamine salt of 2-(2-methyl-4-chlorophenoxy) propionic acid 0.85%; 2,4-dichlorophenoxyacetic acid, sodium salt monohydrate 0.87%. Method of Support: Application proceeds under 2(c) of interim policy. PM23

EPA File Symbol 10148-RA. Nationwide Chem. Co., Inc., 56 N. 1st St., Brooklyn NY 11211. COMPACTOR AND KITCHEN AQUEOUS SPRAY #4005. Active Ingredients: Pyrethrins 0.12%; Piperonyl Butoxide, Technical (0.96%) (butylcarbityl) (6-propylpiperonyl) ether and 0.24% of related compounds) 1.20%; Petroleum Distillate 0.48%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 10148-RU. Nationwide Chem. Co., Inc. MILL SPRAY #4001. Active Ingredients: Pyrethrins 0.2%; Piperonyl Butoxide, Technical (1.8%) (butylcarbityl) (6-propylpiperonyl) ether and 0.2% of related compounds) 2.0%; Petroleum Distillate 97.8%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 10148-RR. Nationwide Chem. Co., Inc. SUPER FOOD PLANT FOGGING INSECTICIDE #4003. Active Ingredients: Pyrethrins 0.5%; Piperonyl Butoxide, Technical (4.0%) (butylcarbityl) (6-propylpiperonyl) ether and 0.1% of related compounds) 5.0%; Petroleum Distillate 94.5%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 10148-RG. Nationwide Chem. Co., Inc. VAPORIZER CONCENTRATE #4002. Active Ingredients: Pyrethrins 0.3%; Piperonyl Butoxide, Technical (2.4%) (butylcarbityl) (6-propylpiperonyl) ether and 0.6% of related compounds) 3.0%; Petroleum Distillate 96.7%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 10148-RL. Nationwide Chem. Co., Inc. INDUSTRIAL SPRAY #4000. Active Ingredients: Pyrethrins 0.10%; Piperonyl Butoxide, Technical (0.8%) (butylcarbityl) (6-propylpiperonyl) ether and 0.2% of related compounds) 1.00%; Petroleum Distillate 98.90%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA File Symbol 10148-RE. Nationwide Chem. Co., Inc. INDUSTRIAL AQUEOUS INSECTICIDE #4004. Active Ingredients: Pyrethrins 0.12%; Piperonyl Butoxide, Technical (0.96%) (butylcarbityl) (6-propylpiperonyl) ether and 0.24% of related compounds) 1.20%; Petroleum Distillate 0.48%. Method of Support: Application proceeds under 2(c) of interim policy. PM17

EPA Reg. No. 709-278. Woolfolk Chem. Works, Inc. PO Box 938, Fort Valley GA 31030. KELTHANE EC MITTICIDE. Active Ingredients: 1,1-Bis(p-chlorophenyl)-2,2-trichloroethanol 18.5%. Method of Support: Application proceeds under 2(c) of interim policy. PM13

APPLICATIONS RECEIVED [OPP-32000/199]

EPA File Symbol 35378-L. Aqua/Process Chem., 2408 Yorktown #178, Houston TX 77027. S-74 LOW FOAM WATER TREATMENT MICROBIOCIDAL. Active Ingredients: Diethyl dimethyl ammonium chloride 50%; Ethyl alcohol 10%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 3876-RRT. Betz Lab., Inc., 4636 Somerton Rd., Trevose PA 19047. BETZ SLIMICIDE 244 SLIME CONTROL AGENT. Active Ingredients: Dodecylguanidine hydrochloride 10.15%. Method of Support: Application proceeds under 2(c) of interim policy. PM21

EPA File Symbol 14953-U. Engineering Chem. Services, Inc., 40 Fulton St., New Brunswick NJ 08902. TREATMENT NO. L-113. Active Ingredients: n-alkyl (60% C14, 30% C16, 5% C12, 5% C18) dimethyl benzyl ammonium chlorides 4.2%; n-di-alkyl (60% C14, 30% C16, 5% C12, 5% C18) methyl benzyl ammonium chlorides 0.8%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 2831-LE. Napasco International, PO Box 1219, Thibodaux LA 70301. MICRO X SPICE FRAGRANT PHENOLIC DISINFECTANT, FUNGICIDE, DEODORANT. Active Ingredients: Alkyl (C14 58%, C16 28%, C12 14%) dimethyl benzyl ammonium chloride 0.25%; Essential oils 0.50%; Isopropanol 43.22%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 2831-LR. Napasco International. MICRO X ORANGE FRAGRANT PHENOLIC DISINFECTANT, FUNGICIDE, DEODORANT. Active Ingredients: Alkyl (C14 58%, C16 28%, C12 14%) dimethyl benzyl ammonium chloride 0.25%; Essential Oils 0.50%; Isopropanol 43.22%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 2831-LN. Napasco International. MICRO X LEMON FRAGRANT PHENOLIC DISINFECTANT, FUNGICIDE, DEODORANT. Active Ingredients: Alkyl (C14 58%, C16 28%, C12 14%) dimethyl benzyl ammonium chloride 0.25%; Essential Oils 0.50%; Isopropanol 43.22%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 2021-RI. National Mining & Chem. Co., 4601 Flat Rock Rd., Philadelphia PA 19127. NAMICO DISINFECTANT AND SANITIZER. Active Ingredients: N-alkyl (50% C14, 40% C12, 10% C16) dimethyl benzyl ammonium chloride 10%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 36341-R. Red Top Products, Inc., Seguin St., La Verna TX 78121. 4449 DISINFECTANT - SANITIZER - DEODORIZER. Active Ingredients: Alkyl (C14 58%, C16 28%, C12 14%) dimethyl benzyl ammonium chloride 10.0%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 4297-EA. Reliance Bros. Inc., 3302 E. 87th St., Cleveland OH 44115. H-C TREATMENT NO. 473 LOW FOAM WATER TREATMENT MICROBIOCIDAL. Active Ingredients: Diethyl dimethyl ammonium chloride 50%; Ethyl alcohol 10%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 4297-ET. Reliance Bros. Inc., 3302 E. 87th St., Cleveland OH 44115. H-C TREATMENT NO. 476 CONCENTRATED SLIMICIDE FOR INDUSTRIAL COOLING SYSTEMS. Active Ingredients: N-alkyl (C12 5%, C14 60%, C16 35%, C18 5%) dimethyl benzyl ammonium chloride 24%; Bis (ti-n-butyl tin) oxide 5%. Method of Support: Application proceeds under 2(c) of interim policy. PM31

EPA File Symbol 22058-U. Sharp Chem. Co., 5921 Plainview, Houston TX 77017. SHARP SAN L-50 DISINFECTANT-SANITIZER-DEODORIZER. Active Ingredients: Alkyl (C14 50%, C12 40%, C16 10%) dimethyl Benzyl Ammonium Chloride 10.0%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

EPA File Symbol 5741-RE. Spartan Chem. Co., Inc., 110 N. Westwood, Toledo OH 43607. SPARTAN'S METAQUAT GERMICIDAL CLEANER. Active Ingredients: n-alkyl (C14 50%, C12 40%, C16 10%) dimethyl benzyl ammonium chlorides 3.50%; Anhydrous sodium metasilicate 2.55%; Tetrasodium ethylenediamine tetraacetate 1.84%. Method of Support: Application proceeds under 2(a) of interim policy. PM31

EPA File Symbol 33308-R. Textile Chem. Co., PO Box 3834, Charlotte NC 28203. TCC-118 SWIMMING POOL ALGAECIDE. Active Ingredients: Alkyl Dimethyl Benzyl Ammonium Chloride (C14 60%, C12 25%, C16 15%) 10%. Method of Support: Application proceeds under 2(b) of interim policy. PM31

[FR Doc.75-5857 Filed 3-3-75; 8:45 am]

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION INTERAGENCY PANEL FOR GEOTHERMAL ENERGY RESEARCH AND THE GEOTHERMAL INDUSTRY LIAISON GROUP

Liaison Meeting

A meeting of the program of liaison between the Interagency Panel for Geothermal Energy Research and the Geothermal Industry Liaison Group will be held at 9 a.m. on Friday, March 14, 1975, at ERDA Headquarters, 7th and D Streets, SW., main conference room, 4th floor. The meeting will be open to the public and seating will be available on a first come first served basis.

The Agenda will consist of a brief review of the ERDA geothermal program by the Acting Deputy Assistant Administrator for Solar, Geothermal, and Advanced Energy Systems, a summary report by the Chairman of the Geothermal

Industry Liaison Group, reports from the Chairman of the three Subcommittees formed by the Geothermal Industry Liaison Group, and a discussion period for review of the Reports between members of the Interagency Panel for Geothermal Energy Research and the Geothermal Industry Liaison Group.

The discussion period will be extended into the afternoon as needed.

RAYMOND G. ROMATOWSKI,
Assistant Administrator
for Administration.

[FR Doc. 75-5768 Filed 3-3-75; 8:45 am]

FEDERAL COMMUNICATIONS COMMISSION

COMMON CARRIER SERVICES INFORMATION

Domestic Public Radio Services
Applications Accepted for Filing

FEBRUARY 24, 1975.

Pursuant to §§ 1.227(b)(3) and 21.30 of the Commission's rules, an application, in order to be considered with any domestic public radio services application appearing on the attached list, must be substantially complete and tendered for filing by whichever date is earlier: (a) The close of business one business day preceding the day on which the Commission takes action on the previously filed application; or (b) within 60 days after the date of the public notice listing the first prior filed application (with which subsequent applications are in conflict) as having been accepted for filing. An application which is subsequently amended by a major change will be considered to be a newly filed application. It is to be noted that the cut-off dates are set forth in the alternative—applications will be entitled to consideration with those listed in the appendix if filed by the end of the 60 day period, only if the Commission has not acted upon the application by that time pursuant to the first alternative earlier date. The mutual exclusivity rights of a new application are governed by the earliest action with respect to any one of the earlier filed conflicting applications.

The attention of any party in interest desiring to file pleadings pursuant to section 309 of the Communications Act of 1934, as amended, concerning any domestic public radio services application accepted for filing, is directed to §§ 1.227 of the Commission's rules for provisions governing the time for filing

and other requirements relating to such pleadings.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] VINCENT J. MULLINS,
Secretary.

Domestic Public Land Mobile Radio Service. 21176-CD-P-75, Dunkirk & Fredonia Telephone Company (KUC923) C.F. to relocate facilities and change antenna system operating on 152.84 MHz, located at 3703 East Main Road, Fredonia, New York. 21177-CD-P-75, Mahaffey Message Relay, Inc. (KUC870) C.F. to relocate facilities operating on 152.030 MHz, located at 615 West Poplar, Collierville, Tennessee.

Major Amendment. PN: 21077-C2-P-74, Athens Business Communications, (NEW), Athens, Ohio has amended its base frequency to 152.18 MHz. and its mobile frequency to 158.64 MHz. All other particulars are to remain as reported on PN #693 dated March 25, 1974.

Correction. 20062-CD-P-75, Advanced Radio Communications Company, Virginia. Should have been listed as an additional channel for KLF495 and included in 20061-CD-P-(2)-75. All other particulars are to remain as reported on PN #710 dated July 22, 1974.

This is to correct entry on PN #741, dated February 18, 1975 to read major amendment for File Number: 20379-CD-P-(1)-75.

Informative. It appears that the following applications may be mutually exclusive and subject to the Commission's Rules regarding Ex Parte presentations by reason of economic competition or potential electrical interference.

Virginia

Advanced Radio Communications Company (KLF495) 20061-CD-P-(2)-75
RCC of Virginia, Inc. (KRS634) 21339-C2-P-74

Point-to-Point Microwave Radio Service.

2475-CF-P-75 South Central Bell Telephone Company (KLH30) 811 Main Street, Natchez, Mississippi. Lat. 31°33'26" N., Long. 91°23'57" W. C.P. to replace transmitter, change alarm center location, antenna system, type of equipment, and frequencies 6071.2 and 10775 MHz to 6034.2V MHz toward new point of communication at Church Hill, Mississippi on azimuth 59 degrees/22 minutes.

2476-CF-P-75 Same (KTF48) 1.6 Miles SW of Port Gibson, Mississippi. Lat. 31°55'50" N., Long. 91°00'24" W. C.P. to replace transmitter, change alarm center location, antenna system, type of equipment, and frequencies 6323.3 and 11685 MHz to 6034.2H MHz toward new point of communication at Church Hill, Mississippi on azimuth 213 degrees/43 minutes.

2477-CF-P-75 Same (NEW) 5.1 Miles South of Church Hill, Mississippi. Lat. 31°28'31" N., Long. 91°13'54" W. C.P. for a new station on frequency 6286.2H MHz toward Natchez, Mississippi on azimuth 239 degrees/28 minutes; 6286.2V MHz toward Port Gibson, Mississippi on azimuth 33 degrees/36 minutes; 6286.2H MHz toward new point of communication at Fayette, Mississippi on azimuth 65 degrees/28 minutes.

2478-CF-P-75 Same (New) Wood Street, Fayette, Mississippi. Lat. 31°42'31" N. Long. 91°03'35" W. C.P. for a new station on frequency 6034.2V MHz toward new point of communication at Church Hill, Mississippi on azimuth 245 degrees/33 minutes.

2756-CF-TC-(2)-75 Public Telephone Corporation. Consent to Transfer of Control from Public Telephone Corporation, TRANSFEROR, to Indiana Telephone Corporation, TRANSFEREE, for stations KSN94-Batesville, Indiana, and KSN79-Greensburg, Indiana.

2748-CF-P-75 American Satellite Corporation (WSM37) 3.2 Miles SSE of Lakeview, Nuevo (E.S.) (Riverside) California. Lat. 33°47'46" N., Long. 117°05'12" W. C.P. to change point to communication and frequency 11305V MHz to 11545.0V MHz and 11685.0H MHz via passive reflector.

2749-CF-P-75 (Same) (New) 11 miles East of Perris, Gavilan (Riverside) California. Lat. 33°46'22" N., Long. 117°22'37" W. C.P. for a new station on 11095.0V and 10975.0H via passive reflector on azimuth 79°47' and frequencies 6256.5V and 6375.0V toward Hacienda Hts., California on azimuth 292°48'.

2750-CF-P-75 Same (New) 3 Miles North of La Habra, California, Hacienda Hts., California. Lat. 33°58'19" N., Long. 117°56'57" W. C.P. for a new station on 5945.2V and 6063.8V toward Gavilan, California on azimuth 112°29' and 6034.2H 6152.8H toward Los Angeles, California on azimuth 271°9'.

2751-CF-P-75 Same (New) NTA Building, 12638 Beatrice Street, Los Angeles, California. Lat. 33°58'44" N., Long. 118°24'56" W. C.P. for a new station on 6256.5H MHz and 6375.2H MHz toward Hacienda Heights, California on azimuth 90°53'.

2643-CF-P-75 Mountain Microwave Corporation, (KCM78) 17 Miles SSW of Ft. Morgan, Colorado. Lat. 40°01'46" N., Long. 108°56'31" W. C.P. to change polarity to 3770V toward Eagle Point, Colorado on azimuth 55°15'.

2644-CF-P-75 Same. (WQN84). Eagle Point, Colorado. Lat. 40°28'48" N., Long. 103°05'08" W. C.P. to change polarity to 3950V MHz, 3970H MHz, 4030V MHz, 4050H MHz and 4130H MHz toward Ft. Morgan, Colorado.

[FR Doc. 75-5669 Filed 3-3-75; 8:45 am]

RADIO TECHNICAL COMMISSION FOR AERONAUTICS

Notice of Meeting

As a matter of public notice, members of the Executive Committee of the Radio Technical Commission for Aeronautics will meet on administrative matters on Friday, March 21, 1975, in Conference Room 261, 1717 H Street, NW., Washington, D.C., commencing at 9:30 a.m.

The Agenda for the meeting is:

1. Approval of the minutes of the February 7 and February 28, 1975, meetings.
2. Special Committee Activities Report for January, February and March, 1975.
3. Chairman's Report on RTCA administration and activities.
4. Proposed Special Committee on Reliability Specifications for Airborne Electronics Systems.
5. Proposed Changes to the RTCA Constitution and Bylaws, on other matters related to the Federal Advisory Committee Act.
6. Report on EUROCAE General Assembly Meeting to be held on March 7, 1975.
7. Federal Register Items on RTCA.
8. Other Business.
9. Date and place of next meeting.

The meeting is open to the public on a space available basis. Any members of the public may file a written statement with the Commission either before or

¹All applications listed in the appendix are subject to further consideration and review and may be returned and/or dismissed if not found to be in accordance with the Commission's Rules, regulations and other requirements.

²The above alternative cut-off rules apply to those applications listed in the appendix as having been accepted in Domestic Public Land Mobile Radio, Rural Radio, Point-to-Point Microwave Radio and Local Television Transmission Services (Part 21 of the Rules).

after the meeting. Any members of the public wishing to make an oral statement must consult with the Commission prior to the meeting.

Those desiring to attend the meeting or specific information should contact the RTCA Secretariat, Suite 655, 1717 H Street, NW., Washington, D.C. 20006, or phone area code (202) 296-0484.

**FEDERAL COMMUNICATIONS
COMMISSION,**

[SEAL] **VINCENT J. MULLINS,**
Secretary.
[FR Doc.75-5783 Filed 3-3-75;8:45 am]

**FEDERAL ENERGY
ADMINISTRATION**

**CONSUMER AFFAIRS AND SPECIAL
IMPACT ADVISORY COMMITTEE**

Meeting

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463, 86 Stat. 770), notice is hereby given that the Consumer Affairs and Special Impact Advisory Committee will meet on Thursday, March 20, 1975, at 9 a.m., Room 3400, 12th & Pennsylvania Avenue NW., Washington, D.C.

This Committee was established to provide the Federal Agency Administration with diversified knowledge and experiences possessed by a wide range of highly qualified individuals who have been extensively involved in planning, developing, and implementing programs to remedy the problems of the consumer, the poor, the elderly, and the handicapped persons in rural and urban America.

The agenda for the meeting is as follows:

1. The Socio-Economic Impact Analysis of the Administration's Energy and Economic Program
2. Analysis of Alternative Energy and Economic Proposals
3. Discussion of the Committee's Relationship with FEA

The meeting is open to the public. The Chairman of the Committee is empowered to conduct the meeting in a fashion that will, in his judgment, facilitate the orderly conduct of business. Any member of the public who wishes to file a written statement with the Committee will be permitted to do so, either before or after the meeting. Members of the public who wish to make oral statements should inform Lois Weeks, Advisory Committee Management Officer (202) 961-7022 at least 5 days before the meeting and reasonable provision will be made for their appearance on the agenda.

Further information concerning this meeting may be obtained from the Advisory Committee Management Office.

Minutes of the meeting will be made available for public inspection at the Federal Energy Administration, Washington, D.C.

Issued at Washington, D.C. on February 27, 1975.

DAVID G. WILSON,
Acting General Counsel.

[FR Doc.75-5668 Filed 3-3-75;8:45 am]

RETAIL DEALERS ADVISORY COMMITTEE

Notice of Meeting

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463, 86 Stat. 770), notice is hereby given that the Retail Dealers Advisory Committee will meet Monday, March 24, 1975, at 9 a.m., Room 3400, 12th & Pennsylvania Avenue, NW., Washington, D.C.

The Committee was established to provide the Federal Energy Administration with technical and timely information on a wide range of business activities associated with the retailing of gasoline and diesel fuel.

The agenda for the meeting is as follows:

1. Review of Conservation Measures
2. Discussion of Dealers Margins
3. Discussion of New FEA Forms
4. Discussion of Market Shares
5. Discussion of Problems Associated with Rents and Leases
6. Review of Two-Tier Pricing Programs
7. Remarks from the Floor—10-Minute Rule

The meeting is open to the public. The Chairman of the Committee is empowered to conduct the meeting in a fashion that will, in his judgment, facilitate the orderly conduct of business. Any member of the public who wishes to file a written statement with the Committee will be permitted to do so, either before or after the meeting. Members of the public who wish to make oral statements should inform Lois Weeks, Advisory Committee Management Officer, (202) 961-7022 at least 5 days before the meeting and reasonable provisions will be made for their appearance on the agenda.

Further information concerning this meeting may be obtained from the Advisory Committee Management Office.

Minutes of the meeting will be made available for public inspection at the Federal Energy Administration, Washington, D.C.

Issued at Washington, D.C. on February 26, 1975.

ROBERT E. MONTGOMERY, Jr.,
General Counsel.

[FR Doc.75-5574 Filed 3-3-75;8:45 am]

FEDERAL POWER COMMISSION

[Docket No. E-9282]

ALABAMA POWER CO.

Notice of Tariff Change

FEBRUARY 25, 1975.

Take notice that on February 13, 1975, Alabama Power Company tendered for filing proposed changes in its FPC Electric Tariff, Original Volume No. 1. The proposed change to the tariff gives notice that the Company intends to convert all delivery points of The Utilities Board of the City of Sylacauga served by the Company under Rate Schedule FPC #118 to the tariff on March 18, 1975.

After conversion to the tariff on March 18, 1975, the applicable rate for the delivery points of the City of Sylacauga will be Revision No. 1—Rate Schedule MUN-1 incorporated in FPC Electric Tariff, Original Volume No. 1, of Alabama Power Company as allowed to

become effective, subject to refund, by Commission order dated September 12, 1974 in FPC Docket No. E-8851.

Copies of the filing were served upon the City of Sylacauga and its attorneys of record in FPC Docket No. E-8851.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 14, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUM,
Secretary.

[FR Doc.75-5630 Filed 3-3-75;8:45 am]

[Docket No. RP74-92]

ALGONQUIN GAS TRANSMISSION CO.

Further Extension of Procedural Dates

FEBRUARY 25, 1975.

On February 19, 1975, Staff Counsel filed a motion to extend the procedural dates fixed by order issued June 28, 1974, as most recently modified by notice issued January 3, 1975, in the above-designated matter. The motion states that the parties have been notified and have no objection.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of Company, Rebuttal, March 28, 1975.

Hearing, April 29, 1975 (10 a.m. e.d.).

MARY B. KNO,
Acting Secretary.

[FR Doc.75-5631 Filed 3-3-75;8:45 am]

[Docket No. E-9256]

**AMERICAN ELECTRIC POWER SERVICE
CORP.**

Changes in Rates and Charges

FEBRUARY 25, 1975.

Take notice that American Electric Power Service Corporation (AEP) on February 4, 1975, tendered for filing on behalf of its affiliate, Indiana & Michigan Electric Company (Indiana), Modification No. 7 dated January 1, 1975 to the Interconnection Agreement dated November 27, 1961, between Indiana and Illinois Power Company, designated Indiana Rate Schedule FPC No. 23.

Section 1 of Modification No. 7 provides for an increase in the Demand Charge for Short Term Power from \$0.45 to \$0.50 per kilowatt per week and Section 2 provides for an increase in the Demand Charge for Limited Term Power from \$2.50 to \$2.75 per kilowatt per month.

both schedules proposed to become effective March 15, 1975. Applicant states that since the use of Short Term and Limited Term Power cannot be accurately estimated, it is impossible to estimate the increase in revenues resulting from the Modification.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 10, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5632 Filed 3-3-75; 8:45 am]

[Docket No. E-9256]

AZTEC OIL AND GAS CO.

Extension of Procedural Dates

FEBRUARY 18, 1975.

On February 14, 1975, Aztec Oil and Gas Company filed a motion to extend the procedural dates fixed by order issued January 27, 1975, in the above-designated matter. The motion states that the parties have been notified and have no objection.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of company direct testimony, March 21, 1975.

Service of staff's testimony, April 11, 1975.

Service of intervenor's testimony, April 11, 1975.

Service of company rebuttal, April 18, 1975.

Hearing, April 29, 1975 (10 a.m. e.d.t.).

Petitions to intervene, March 10, 1975.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5676 Filed 3-3-75; 8:45 am]

[Docket Nos. E-8855; E-9037]

BOSTON EDISON CO.

Further Extension of Procedural Dates

FEBRUARY 14, 1975.

On February 12, 1975, Boston Edison Company filed a motion to extend the procedural dates fixed by order issued July 12, 1974, as most recently modified by notice issued February 10, 1974, in the above-designated matter. The motion states that the parties have been notified and have no objection.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of company rebuttal, February 18, 1975.

Hearing, March 3, 1975 (10 a.m. e.d.t.).

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5577 Filed 3-3-75; 8:45 am]

[Docket No. RP75-8]

COMMERCIAL PIPELINE CO., INC.

PGA Filing

FEBRUARY 24, 1975.

Take notice that on February 13, 1975 Commercial Pipeline Company, Inc. (Commercial) tendered for filing Second, Third and Fourth Revised Sheets No. 3A reflecting Purchased Gas Adjustments and effective dates as set out below:

Sheet No.	Current adjustment	Cumulative adjustment	Effective date
2d revised.....	(\$0.0059)	\$0.0078	Dec. 23, 1974
3A 3d revised.....	.0429	.0507	Jan. 24, 1975
4th revised.....	.0023	.0530	Feb. 23, 1975

Commercial states that these revisions track precisely similar revisions in the tariff of Cities Service Gas Company, its sole supplier. Commercial requests waiver of notice to the extent required to permit said tariff sheets to become effective as proposed.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 7, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5633 Filed 3-3-75; 8:45 am]

[Docket No. CI75-479]

CONTINENTAL OIL CO.

Application

FEBRUARY 25, 1975.

Take notice that on February 10, 1975, Continental Oil Company (Applicant), P.O. Box 2197, Houston, Texas 77001, filed in Docket No. CI75-479 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale for resale and delivery of natural gas in interstate commerce to Tennessee Gas Pipeline Company, a Division of Tenneco Inc. (Tennessee), from Block 135, Block

110 Field, West Cameron Area, offshore Louisiana, all as more fully set forth in the application, which is on file with the Commission and open to public inspection.

Applicant states that it has a gas purchase and sales agreement with Tennessee, dated June 21, 1971, covering the purchase and sale of one-half of Applicant's gas reserves in Block 135 and that Applicant has a gas transportation contract with Tennessee of like date wherein Tennessee has agreed to transport for Applicant the remaining one-half of Applicant's gas reserves from the subject acreage and redeliver such reserves to Applicant for its own account at a point onshore.

Applicant further states that after delivering one-half of its gas reserves estimated to be available from the subject acreage it terminated deliveries and filed for permission for and approval of abandonment of the sale with the Commission. Said abandonment proceeding is now pending before the Commission in Docket No. CI75-205. The Commission has ordered Applicant to resume deliveries of gas by Orders dated November 27, 1974, and January 3, 1975.

Applicant states that in order to comply with the Commission orders and in order for Applicant and Tennessee to continue the sale and purchase of remaining and previously uncommitted gas from Block 135, Applicant and Tennessee have entered into a gas purchase and sales agreement dated February 7, 1975.

Applicant in the instant application proposes to sell gas to Tennessee pursuant to the February 7, 1975, contract. Applicant describes the contract as covering the "sale of gas to be produced from horizons down to and including the L-4 Sand or its correlative equivalent of that sand base at 12,194 feet in OCS G-1470 Well No. A-1, except that interest previously covered by Applicant's FPC Gas Rate Schedule No. 372."

For its first month of service pursuant to the February 7, 1975, contract Applicant estimates delivery of 375,000 Mcf of gas at 15.025 psia. Applicant states that this volume is attributable to its entire working interest in Block 135 dedicated to the February 7, 1975, contract, said interest being 50 percent of the working interest in the subject acreage.

Applicant proposes to sell these volumes at the national rate promulgated by § 2.56a of the Commission's general policy and interpretations (18 CFR 2.56a). Applicant further proposes to charge an offshore platform delivery allowance of 0.51 cent per Mcf, apparently pursuant to § 2.56a(e) of the Commission's general policy and interpretations.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 13, 1975, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the

Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein to intervene in accordance with the Commission's rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act and the Commission's rules of practice and procedure, a hearing will be held without further notice before the Commission on this application if no petition to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5634 Filed 3-3-75; 8:45 am]

[Docket No. ID-1754]

C. ROBERT EVERMAN
Initial Application

FEBRUARY 25, 1975.

Take notice that on January 17, 1975, C. Robert Everman, (Applicant) filed an initial application with the Federal Power Commission. Pursuant to section 305(b) of the Federal Power Act, Applicant seeks authority to hold the following positions:

Assistant treasurer, the Cincinnati Gas & Electric Co., public utility.
Assistant treasurer, the Union Light, Heat and Power Co., public utility.
Assistant treasurer, Miami Power Corp., public utility.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application

is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5635 Filed 3-3-75; 8:45 am]

[Docket No. CP75-221]

EL PASO ALASKA CO.
Petition To Amend Rule

FEBRUARY 14, 1975.

Take notice that on January 27, 1975, El Paso Alaska Company (Petitioner), P.O. Box 1492, El Paso, Texas 79978, pursuant to § 1.7(b) of the Commission's rules of practice and procedure (18 CFR 1.7(b)), filed in Docket No. CP75-221 a petition requesting the Commission to amend § 159.2 of the regulations under the Natural Gas Act (18 CFR 159.2) and to grant appropriate relief, all as more fully set forth in the petition, which is on file with the Commission and open to public inspection.

Petitioner filed on September 24, 1974, pursuant to section 7(c) of the Natural Gas Act, an application for a certificate of public convenience and necessity authorizing the construction and operation of a buried, chilled natural gas pipeline, 809 miles in length, which would cross Alaska from the North Slope gas fields at Prudhoe Bay to the south coast of the state at Gravina Point on Prince William Sound and the construction and operation of a plant at Gravina Point to produce liquefied natural gas (LNG) so as to provide a means for the transportation of natural gas produced on the North Slope through said system to markets in the lower 48 states. Petitioner estimates the cost of the subject facilities at \$3,327,773,000.¹

Pursuant to § 159.2(a) of the Regulations under the Natural Gas Act, all applicants for a certificate of public convenience and necessity under section 7(c) of the Natural Gas Act are required to pay within 30 days following issuance of notice of application, an amount equal to 65/1,000 of 1 percent of the estimated cost of construction of new facilities.²

¹ Notice of Petitioner's application in Docket No. CP75-96 was published in the FEDERAL REGISTER on November 13, 1974 (39 FR 40075). Petitioner proposes to arrange for the transportation of LNG by sea from Gravina Point in cryogenic tankers to a marine terminal and regasification plant to be built and operated by Western LNG Terminal Company at Point Conception, California, and from those facilities into states east and west of California. Petitioner's application in Docket No. CP75-96 also seeks authority to transport gas to points of delivery in Alaska and describes the manner by which it proposes a wide distribution of Alaskan natural gas throughout the United States. The estimated total cost of the facilities necessary for Petitioner to deliver North Slope gas to Point Conception is \$5,585,466,000. The \$3,327,773,000, aforementioned, is the cost of those facilities considered by Petitioner to come within the Commission's jurisdiction.

² Although notice of the application in Docket No. CP75-96 was issued on November 1, 1974, Petitioner received two extensions of

Section 159.2(b) requires a fee equal to amount of 130/1,000 of one percent of the estimated cost of construction of new facilities within 30 days following the grant of a certificate of public convenience and necessity unless the applicant does not accept the certificate. Petitioner has, therefore, been required to tender a filing fee of \$2,163,052, and will be required to pay an additional \$4,326,105 if its application for a certificate in Docket No. CP75-96 is granted as proposed.

By the instant petition Petitioner raises questions concerning the Commission's authority to collect these fees under Title V of the Independent Offices Appropriation Act of 1952, 31 U.S.C. 483a. Petitioner requests that the Commission:

(1) Rescind § 159.2,
(2) Promulgate a revised regulation,
(3) Publish all costs which the Commission considers to be reimbursable for processing and granting a certificate under section 7(c) of the Natural Gas Act, and

(4) Provide restitution for Petitioner of such portion of its tendered payment as may be found to be excessive.

Petitioner argues that § 159.2 fails to satisfy the requirements of Title V and Article I, 8, clause 1, of the Constitution of the United States. Title V grants the head of each federal agency the authority to collect fees for the purpose of rendering such agency self-sustaining to the full extent possible, but limits the collection of fees to those which are fair and equitable, taking into account the direct and indirect cost of the government, value to the recipient, public policy and interest served, and other pertinent facts.³ Article I of the Constitution gives Congress the power to lay and collect taxes.

Petitioner states that the opinion of the United States Supreme Court in "National Cable Television v. United States", 415 U.S. 336 (1974),⁴ limits the fee assessment power of an agency under Title V to grants which bestow benefits on an applicant not shared by other members of society and requires that there must be an apportionment of costs between the benefit to an applicant and the benefit to the public. Petitioner argues that the Court in Cable Television so limited the interpretation of Title V so as to avoid the argument that Title V constitutes an unconstitutional exercise of the taxing power which could be made if an administrative agency could levy a charge on an individual for services rendered to the public. Petitioner maintains that such a charge amounts to an exercise of the taxing power reserved to Congress.

time for filing the fee required by § 159.2(a). By order issued on January 23, 1975, the Commission, *inter alia*, ordered Petitioner to tender for payment in Docket No. CP75-96 any delinquent fees prescribed by § 159.2(a). Petitioner has tendered the appropriate fee, but is hereby challenging the validity of said fee in this separate proceeding.

³ 31 U.S.C. 483a.
⁴ Cable Television was decided along with "FPC v. New England Power Co.", 415 U.S. 345 (1974).

From the foregoing analysis Petitioner contends that in certificate cases a fee may not be exacted in advance of agency action unless such fee is only nominal. Petitioner concludes from the reasoning in *Cable Television* that:

- (1) Title V must be narrowly construed so as to avoid the taxing area constitutionally reserved only to Congress;
- (2) A regulatee of a federal agency may not be required to pay for any service which is of benefit to the public and which serves primarily a public interest;
- (3) A fee may only be assessed for the special benefit which inures to the payor.

(4) There must be an allocation of costs involving a process of judging or evaluating the benefits which flow to the public and the private entity;

(5) The fee may be charged only to an identifiable recipient for a measurable unit or amount of government service or property from which said recipient derives a benefit.

Petitioner further concludes that in order to satisfy these requirements:

- (1) The agency's costs must be known;
- (2) The charges sought to be collected must be related to said costs;
- (3) The specific items of service for which charges are made must be identified;

(4) Where the identification and balancing of benefits may reasonably be subject to dispute, a hearing and opportunity to be heard must be afforded the payor of the fee.

Petitioner analyzes § 159.2 in light of the foregoing conclusions, stating that the simple formula approach of the section is clearly contrary to the stated requirements, since there is no indication that the Commission, in fixing its charges, has considered the allocation of public benefits and private benefits served by the activity for which the charges are assessed. Petitioner states as specific deficiencies in the Commission's fee charging practices that the Commission:

- (1) Has not published a schedule of charges or identified the services for which a charge is to be made;

(2) Has not disclosed its costs so as to test the allocation question in relation to which special benefits the payor of the fee is receiving and which benefits are public.

Petitioner maintains that (1) No benefit inures to an applicant until a certificate has been granted, and that, therefore, § 159.2(a), which requires payment of fees before issuance of a certificate, is invalid,³ and

(2) No mechanism is provided for hearing or opportunity to be heard if the applicant desires to challenge the assessment.

³ In the course of its argument, on the other hand, Petitioner states that review of an application and supporting exhibits in order to ascertain whether the Commission is properly informed to proceed comes within the class of work which is not so closely identifiable with the discharge by the Commission of its public duties so as to preclude reimbursement.

In support of its position, Petitioner emphasizes the facts that:

(1) The advance fee it is required to pay in the proceeding in Docket No. CP75-96 pursuant to § 159.2(a), \$2,163,052, is more than the total cost to the Commission for processing all applications for an entire year, and

(2) Alaskan Arctic Gas Pipeline Company (Alaskan Arctic), Petitioner's competitor to supply North Slope gas to the United States market, which company is underwritten by a consortium of twenty-five companies, was required under § 159.2(a) to pay only \$373,750.⁴

Petitioner recommends, in light of the foregoing, that the Commission rescind § 159.2, and promulgate new regulations, during which process the Commission should:

(1) Publish its cost for which it seeks reimbursement by way of the proposed fees;

(2) Classify its activities according to those activities which confer a special benefit on an applicant, those which are clearly identified with the public interest, and those which are not so clearly identifiable;⁵

Petitioner further recommends that the new regulations must:

(1) Establish measurable units of government service;

(2) Relate government costs to the item by the use of acceptable cost accounting principles;

(3) Identify the particular service for which reimbursement is to be sought;

(4) Establish charges for units of service; and

(5) Provide a method for determining the special benefit conferred by establishing a hearing procedure which would involve the submission by the Commission of a detailed bill for costs which could be challenged upon hearing as to its amount and its benefit allocation.

Petitioner finally recommends that the Commission provide for the return to Petitioner of such portion of its tendered

⁴ Alaskan Arctic filed in Docket No. CP74-239 on March 21, 1974, an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction of approximately 195 miles of 48-inch pipeline from Prudhoe Bay to the Alaskan-Canadian border at a cost of \$575 million. Alaskan Arctic proposes to deliver the gas to the border for further transportation through Canada to the lower 48 states.

⁵ Petitioner includes as benefits inuring to an applicant per diem allowances for staff personnel engaged in processing applications, including expenses for travel, special services and special equipment. Public hearings and preparation of environmental impact statements are said to be identified with the public interest work of the Commission. Review of applications in order to ascertain whether the Commission is sufficiently informed to proceed is considered more difficult to classify by Petitioner. Petitioner maintains that the certificate itself, when issued, has some real value to an applicant, but that such value might be assessed at a substantial discount so as not to tax the recipient of the certificate for those Commission services performed in the public interest.

filing fee which is found to be excessive under appropriate regulations.

Any person desiring to be heard or to make any protest with reference to said petition should on or before March 4, 1975, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5578 Filed 3-3-75; 8:45 am]

[Docket No. RP73-17 (PGA 75-3)]

GRANITE STATE GAS TRANSMISSION, INC.

Proposed Changes in Rates Pursuant to Purchased Gas Adjustment Provision

FEBRUARY 25, 1975.

Take notice that Granite State Gas Transmission, Inc. (Granite) on February 14, 1975, tendered for filing Sixth Revised Sheet 3A in its FPC Gas Tariff, Original Volume No. 1, containing proposed changes in rates to be effective March 15, 1975. According to Granite, the proposed changes would increase revenues from jurisdictional sales by approximately \$293,385 annually, based on deliveries for the 12 months ended December 31, 1974. Granite states that the instant filing is made pursuant to a purchased gas adjustment provision, previously approved by the Commission, on December 14, 1972, in Docket No. RP73-17. Granite further states that the increased purchased gas costs result from proposed increases in the rates of Tennessee Gas Pipeline Company, a Division of Tenneco, Inc., which Tennessee proposes to make effective on March 15, 1975, in Docket No. RP75-13 and that Granite purchases its entire natural gas supply from Tennessee.

Granite also tendered for filing its Alternate Sixth Revised Sheet 3A to its FPC Gas Tariff, Original Volume No. 1, as an alternate to Sixth Revised Sheet No. 3A. Granite states that Alternate Sixth Revised Sheet 3A reflects the effect of an alternate increase in gas purchased costs which Tennessee also filed for effectiveness on March 15, 1975, in Docket No. RP73-15. Alternate Sixth Revised Sheet No. 3A, if made effective instead of Sixth Revised Sheet 3A, would increase Granite's jurisdictional revenues by approximately \$175,346, based on deliveries for the 12 months ended December 31, 1974, according to Granite. Granite states that its purpose in submitting the alternate rate filings is

to track whichever of the Tennessee rate increases is permitted to become effective March 15, 1975.

According to Granite, copies of the filing were served upon Northern Utilities, Inc., the Company's sole jurisdictional customer and affected state regulatory commissions.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 14, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5638 Filed 3-3-75;8:45 am]

[Docket No. ID-1755]

JAMES E. FELTNER

Initial Application

FEBRUARY 25, 1975.

Take notice that on January 17, 1975, James E. Feltner, (Applicant) filed an initial application with the Federal Power Commission. Pursuant to section 305(b) of the Federal Power Act, Applicant seeks authority to hold the following positions:

Assistant Secretary, the Cincinnati Gas & Electric Co., public utility.

Assistant secretary, the Union Light, Heat and Power Co., public utility.

Assistant secretary, Malmi Power Corp., public utility.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5636 Filed 3-3-75;8:45 am]

[Docket No. ID-1676]

JAMES E. GRIFFIN

Supplemental Application

FEBRUARY 25, 1975.

Take notice that on December 4, 1974, James E. Griffin, (Applicant) filed a supplemental application with the Federal Power Commission, pursuant to Section 305(b) of the Federal Power Act, seeking authority to hold the following position:

Chairman, Vermont Electric Power Company, Inc., public utility.

The principal business of the Company is the operation of a transmission system which interconnects the electric utilities in the State of Vermont. It is also engaged in the business of purchasing bulk power for resale to Central Vermont Public Service Corporation and the other electric utilities in the State.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975 file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5639 Filed 3-3-75;8:45 am]

[Docket No. G-4866, etc.]

H. L. HUNT

Petition To Amend

FEBRUARY 18, 1975.

Take notice that on February 6, 1975, the Estate of H. L. Hunt (Petitioner), 1401 Elm Street, Dallas, Texas 75202, filed in Docket No. G-4866, et al., a petition to amend the orders issuing certificates of public convenience and necessity pursuant to section 7(c) of the Natural Gas Act in said dockets by authorizing Petitioner to continue sales for resale and deliveries of natural gas in interstate commerce in lieu of H. L. Hunt who died on November 29, 1974, all as more fully set forth in the appendix hereto and in the petition to amend which is on file with the Commission and open to public inspection.

Any person desiring to be heard or to make any protest with reference to said petition to amend should on or before March 4, 1975, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of

the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

KENNETH F. PLUMB,
Secretary.

APPENDIX

Docket No.	FPC gas rate schedule	Purchaser
G-4866...	5	United Gas Pipe Line Co.
G-4867...	6	El Paso Natural Gas Co.
G-4868...	11	Park Pipeline Co.
G-10335...	13	Trunkline Gas Co.
G-10794...	14	Arkansas Louisiana Gas Co.
G-11800...	15	El Paso Natural Gas Co.
G-11800...	16	Do.
G-14450...	17	Jerrigan & Morgan Transmission Co.
G-17837...	22	El Paso Natural Gas Co.
G-18648...	26	Florida Gas Transmission Co.
G-19328...	27	El Paso Natural Gas Co.
G-19328...	28	Do.
G-20490...	31	Texas Gas Transmission Corp.
G-160-152...	32	United Gas Pipe Line Co.
G-19116...	33	Natural Gas Pipe Line Co. of America.
CI61-1221...	34	Do.
CI61-1282...	35	Do.
CI63-182...	36	Michigan Wisconsin Pipe Line Co.
CI64-117...	37	Arkansas Louisiana Gas Co.
CI67-1518...	38	Trunkline Gas Co.
CI70-477...	39	Michigan Wisconsin Pipe Line Co.
CI74-30...	40	Montana Dakota Utilities Co.

[FR Doc.75-5580 Filed 3-3-75;8:45 am]

[Docket No. E-8843]

HOLYOKE WATER POWER CO. AND
HOLYOKE POWER AND ELECTRIC CO.

Further Extension of Procedural Dates

FEBRUARY 18, 1975.

On February 13, 1975, Chicopee Electric Light Department filed a motion to extend the procedural dates fixed by order issued August 9, 1974, as most recently modified by notice issued January 14, 1974, in the above-designated matter. The motion states that the parties have been notified and have no objection.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of intervenor's testimony, March 20, 1975.

Service of company rebuttal, March 21, 1975.

Hearing, April 8, 1975 (10 a.m. e.d.t.).

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5579 Filed 3-3-75;8:45 am]

[Docket No. E-9268]

INTERSTATE POWER CO.

Amendment to Transmission Utilization
Agreement

FEBRUARY 25, 1975.

Take notice that on February 18, 1975, Interstate Power Company (Interstate)

tendered for filing certain amendments to the Transmission Utilization Agreement (Agreement) between Interstate and Cooperative Power Association (ICPA) of Minneapolis, Minnesota. Said Agreement is designated Interstate Power Company, Rate Schedule FPC No. 88. The tendered amendments are Sixth Revised Exhibit C, Sixth Revised Exhibit E, and Sixth Revised Exhibit F.

Interstate states that the revisions that have been made in the aforementioned exhibits are: (1) The replacement of the Jackson point of metering with the Middletown point of metering; (2) the relocation and change in voltage of the Jeffers point of delivery and point of metering; and (3) the addition of the Rushmore point of delivery and point of metering.

Interstate states that a copy of this filing has been sent to CPA.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 10, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5641 Filed 3-3-75; 8:45 am]

[Docket No. E-9263]

KANSAS CITY POWER AND LIGHT

Filing of Change in Rate Schedule

FEBRUARY 25, 1975.

Take notice that on February 13, 1975 Kansas City Power and Light (KCP&L) tendered for filing a change in the rate schedule set forth in an Order issued September 4, 1974 in Docket No. E-8365. The aforementioned change is rendered in the following format:

MUNICIPAL WHOLESALE FIRM POWER CONTRACT

(dated January 28, 1975)

between

Kansas City Power & Light Company

and

City of Higginsville, Missouri (Higginsville)

KCP&L states that this contract is applicable to wholesale power delivered by it to Higginsville. KCP&L further states that the rate schedule has been changed to provide for the delivery by KCP&L of electric power and energy to augment Higginsville's own municipal generation and other power resources.

The proposed rate schedule is alleged to be satisfactory to Higginsville as evidenced by a letter dated February 3, 1975, submitted with this filing.

KCP&L states that copies of this filing have been served upon Higginsville and the Missouri Public Service Commission.

KCP&L requests an effective date of March 15, 1975.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 11, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5642 Filed 3-3-75; 8:45 am]

[Docket No. E-9264]

KANSAS CITY POWER AND LIGHT

Filing of Change in Rate Schedule

FEBRUARY 25, 1975.

Take notice that on February 13, 1975 Kansas City Power and Light (KCP&L) tendered for filing a change in the rate schedule set forth in an Order issued September 4, 1974 in Docket No. E-8365. The aforementioned change is rendered in the following format:

WHOLESALE FIRM POWER AGREEMENT

(dated September 27, 1974)

between

Kansas City Power & Light Company

and

Missouri Power & Light Company (MPL)

KCP&L states that this contract is applicable to wholesale power delivered by it to MPL. KCP&L further states that this agreement supersedes the Agreement dated February 14, 1964, as amended, which was cancelled as of May 31, 1974, so that the proposed rates in Docket No. E-8365 could be put into effect as of June 1, 1974.

The proposed rate schedule is alleged to be satisfactory to MPL as evidenced by MPL's signature on the Agreement.

KCP&L states that copies of this filing have been served upon MPC and the Missouri Public Service Commission.

KCP&L requests an effective date of March 15, 1975.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or

before March 11, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5643 Filed 3-3-75; 8:45 am]

[Docket No. E-7530]

LONG ISLAND LIGHTING CO.

Notice of Application

FEBRUARY 14, 1975.

Take notice that on February 6, 1975, Long Island Lighting Company (Applicant) filed an application seeking authority pursuant to section 204 of the Federal Power Act to issue through and including December 31, 1976 its unsecured promissory notes in a principal amount not to exceed \$175,000,000 and its commercial paper in a principal amount not to exceed \$25,000,000, together aggregating more than 5 percent of the sum of the par value of the outstanding securities of the Applicant having a par value, both promissory notes and commercial paper to have maturity dates not later than September 30, 1977, and for a further order, continuing the exemption of the proposed issuance of short-term securities from the competitive bidding requirements of § 34.1a (b) and (c) of the regulations under the Federal Power Act, if deemed applicable.

Applicant, incorporated under the laws of the State of New York, with its principal business office at 250 Old Country Road, Mineola, New York 11501, is authorized to do business in the State of New York.

The interest rate applicable to the promissory notes will generally be at an annual rate equal to the prime rate of each lending bank to substantial and responsible commercial borrowers. The interest rate applicable to the commercial paper will be the rate in effect at the time of issuance, to be determined in the manner customary for commercial paper. The promissory notes will each mature not more than nine months from the date of issuance. The maturity of the commercial paper will vary but in no event will any of the commercial paper mature more than nine months after issuance.

The proceeds will be used to reimburse the treasury of the Applicant to finance expenditures against which other securities have not as yet been issued and for construction purposes.

The Commission had, by its Order in Docket No. E-7530 issued May 7, 1970, found the proposed issuance of similar securities aggregating \$65,000,000 to be exempt from the competitive bidding requirements of § 34.1a of the Federal Power Commission's regulations under the Federal Power Act and authorized the issuance of the securities expressly conditioned upon their final maturity not

being later than June 30, 1971. The Commission, by Supplemental Orders in Docket No. E-7530 issued June 29, 1971, June 29, 1972, June 25, 1973, August 29, 1973, May 31, 1974, July 3, 1974 and August 30, 1974, has continued the exemption from the competitive bidding requirements of §34.1a of the Federal Power Commission's regulations under the Federal Power Act, has authorized the issuance of securities in increased amounts and has extended the final maturity dates of the securities authorized to be issued. The Applicant is presently authorized to issue, through and including December 31, 1975, \$125,000,000 principal amount of short-term promissory notes and commercial paper, consisting of \$100,000,000 principal amount of unsecured promissory notes to commercial banks and \$25,000,000 principal amount of commercial paper to commercial paper dealers, with final maturity dates of all notes being not later than September 30, 1975 and with the total aggregate amount of all notes issued in the form of commercial paper outstanding at any one time limited to not more than 25 percent of Applicant's gross operating revenues during the preceding twelve-month period.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 10, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's Rules. The application is on file with the Commission and is available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5581 Filed 3-3-75; 8:45 am]

[Docket No. RP73-43]

MID LOUISIANA GAS CO.

Proposed Change in Rates

FEBRUARY 14, 1975.

Take notice that Mid Louisiana Gas Company (Mid Louisiana), on February 10, 1975, tendered for filing as a part of First Revised Volume No. 1 of its FPC Gas Tariff, Substitute Eleventh Revised Sheet No. 3a and Twelfth Revised Sheet No. 3a.

Mid Louisiana states that the purpose of the filing is to reflect a Purchased Gas Cost Current Adjustment to Mid Louisiana's Rate Schedules G-1, SG-1, I-1 and E-1 to be effective February 1, 1975 and February 2, 1975, pursuant to Commission Orders dated January 31, 1975 in this docket and in United Gas Pipe Line Company Docket No. RP72-133. Mid

Louisiana further states that copies of the filing were served on interested customers and state commissions.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before February 27, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5582 Filed 3-3-75; 8:45 am]

[Docket No. E-9063]

MISSOURI POWER & LIGHT CO.

Extension of Procedural Dates

FEBRUARY 25, 1975.

On February 24, 1975, Staff Counsel filed a motion to extend the procedural dates fixed by order issued December 31, 1974, in the above-designated matter.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of Staff's Testimony, March 24, 1975.

Service of Intervenor's Testimony, April 11, 1975.

Service of Company Rebuttal, April 25, 1975.

Hearing, May 6, 1975 (10 a.m., e.d.t.).

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5644 Filed 3-3-75; 8:45 am]

[Docket Nos. G-18475, RP70-10 and RP71-45]

NATIONAL FUEL GAS DISTRIBUTION CORP.

Filing of Refund Report

FEBRUARY 25, 1975.

Take notice that on February 3, 1975, National Fuel Gas Distribution Corporation (National) tendered for filing a Report of Compliance and a Release of North East Heat and Light Company (North East) in connection with a refund made to North East in the amount of \$6,555.32.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, NE., Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 3, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will

not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5645 Filed 3-3-75; 8:45 am]

[Docket No. RP75-57]

PACIFIC GAS TRANSMISSION CO.

Proposed Rate Increase, Granting Intervention, and Establishing Procedure

FEBRUARY 26, 1975.

On January 27, 1975, Pacific Gas Transmission Company (PGT) tendered for filing proposed revisions to its FPC Gas Tariff, Original Volume No. 1. The proposed revisions provide for an increase in jurisdictional revenues of \$2,487,487 based on twelve months of actual experience ended September 30, 1974, as adjusted for changes which are known and measurable through June 30, 1975.

Notice of the proposed increase was issued January 31, 1975, with protests or petitions to intervene due on or before February 18, 1975. Timely petitions to intervene were received by Pacific Gas & Electric Company (PG&E) and Northwest Pipeline Company (Northwest). A timely notice of intervention was filed by the Public Utilities Commission of the State of California and by the Washington Utilities and Transportation Commission.

PGT states that this filing consists solely of an increase in its rate of return from 7.875 percent to 10 percent. PGT states that this increase is necessary to enable it to attract additional capital to finance expansions of its gas transmission facilities and to compensate it for an increase in risk occasioned by the Commission's requirement that it file under section 4 of the Natural Gas Act for increases in the price it must pay for gas from Canada.

Our review of the proposed increase in rates indicates that it has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. We shall therefore accept the proposed rate increase for filing and suspend it for five months, when it will be permitted to become effective, subject to refund, pending hearing and decision as to the lawfulness of the proposed increase.

The Commission finds: (1) The proposed change in PGT's FPC Gas Tariff, Original Volume No. 1 should be accepted for filing and suspended for five months when it will be permitted to become effective, subject to refund.

(2) It is necessary and proper in the public interest and to aid in the enforcement of the Natural Gas Act that the

* Sixth Revised Sheet No. 6 and Sixth Revised Sheet No. 13.

Commission enter upon a hearing concerning the lawfulness of the proposed rates and charges in PGT's FPC Gas Tariff, Original Volume No. 1, as proposed to be amended in this docket.

(3) Good cause exists to permit the intervention of the above mentioned petitioners.

The Commission orders: (A) Pending hearing and decision as to the justness and reasonableness of the rates and charges contained therein, the proposed tariff sheets filed herein are accepted for filing and suspended for five months, and until such time as they are made effective in the manner provided in the Natural Gas Act, when they will be permitted to become effective, subject to refund.

(B) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 5 thereof, the Commission's rules of practice and procedure (18 CFR, Chapter I, a public hearing shall be held commencing July 22, 1975, at 10 a.m., in a hearing room of the Federal Power Commission, 825 North Capitol Street NE, Washington, D.C. 20426, concerning the lawfulness of the rates and charges contained in PGT's FPC Gas Tariff, Original Volume No. 1, as proposed to be amended.

(C) On or before June 3, 1975, the Commission Staff shall serve its prepared testimony and exhibits. Intervenor testimony and exhibits, if any, shall be served on or before June 17, 1975. PGT shall serve its rebuttal testimony and exhibits on or before July 1, 1975.

(D) A Presiding Administrative Law Judge to be designated by the Chief Administrative Law Judge for that purpose (See Delegation of authority, 18 CFR (1.5(d)), shall preside at the hearing in this proceeding, shall prescribe relevant procedural matters not herein provided and shall control this proceeding in accordance with the policies expressed in 1.59 of the Commission's rules of practice and procedure.

(E) The above mentioned petitioners to intervene are hereby permitted to intervene in this proceeding, subject to the rules and regulations of the Commission: *Provided, however, That the participation of such intervenors shall be limited to matters affecting the rights and interests specifically set forth in the respective petitions to intervene, and *Provided, further, That the admission of such intervenors shall not be construed as recognition that they or any of them might be aggrieved because of any order or orders issued by the Commission in this proceeding.**

(F) Nothing contained herein shall be construed as limiting the rights of the parties to this proceeding regarding the convening of conferences or offers of settlement pursuant to § 1.13 of the Commission's rules of practice and procedure.

(G) The Secretary shall cause prompt publication of this order in the FEDERAL REGISTER.

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.
[FR Doc.75-5646 Filed 3-3-75; 8:45 am]

[Docket No. E-9272]

PACIFIC POWER & LIGHT CO.

Initial Rate Filing

FEBRUARY 25, 1975.

Take notice that Pacific Power & Light Company (Pacific) on February 18, 1975, tendered for filing, in accordance with § 35.12 of the Commission's regulations, a new rate schedule for emergency standby service between Pacific and Midstate Electric Cooperative, Inc. (Midstate). This agreement supersedes Pacific's Supplement No. 16 to Rate Schedule FPC No. 28, Contract No. 14-03-001-11584 dated June 10, 1955 which terminated under its own provisions on January 22, 1973.

The proposed rate schedule required the installation of switching facilities at a cost of approximately \$5,000. This work was completed by Pacific and billed to Midstate.

Pacific states that no estimate of quantities of energy to be delivered or revenues to be derived therefrom can be made.

Pacific requests the rate schedule to become effective March 1, 1975.

A copy of the agreement was supplied to the Oregon Public Utility Commissioner.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, NE, Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 12, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.74-5647 Filed 3-3-75; 8:54 am]

[Docket No. E-9270]

PACIFIC POWER & LIGHT CO.

Change in Rate Schedule

FEBRUARY 25, 1975.

Take notice that Pacific Power & Light Company (Pacific) on February 18, 1975, tendered for filing, in accordance with § 35.13 of the Commission's regulations, a revised rate schedule for energy exchange with the Bonneville Power Administration (Bonneville), which supersedes Contract Ibp-7410.¹ According to Pacific this agreement was entered into to provide an updating of the points of delivery and points of connection for emergency exchange of electric energy and energy breakdown relief which was to terminate on August 31, 1973 pursuant to Supplement No. 34 to the superseded rate schedule.¹

Pacific states that the exchange account and settlement provisions under this agreement are similar to those designated in Supplement No. 30 to the superseded rate schedule,¹ and that no new facilities have been installed to supply service under the revised agreement. Pacific also states that no estimate of transactions of energy or of revenues to be derived therefrom can be made.

Pacific requests waiver of the Commission's notice requirements to permit the rate schedule to become effective August 9, 1973, which it claims is the date of commencement of service. Pacific states that the waiver, if granted will have no effect upon purchasers under other rate schedules.

A copy of the filing was supplied to the Oregon Public Utility Commissioner, Salem, Oregon.

Any person desiring to be heard or to protest said application should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street, NE, Washington, D.C. 20426, in accordance with §§ 1.8 and 1.10 of the Commission's rules of practice and procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before March 12, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this application are on file with the Commission and are available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5648 Filed 3-3-75; 8:45 am]

[Projects No. 2149]

PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY, WASHINGTON

Certification of Settlement Agreement

FEBRUARY 25, 1975.

Public notice is hereby given that on January 6, 1975 the presiding Administrative Law Judge certified to the Commission a proposed settlement agreement concerning a wildlife mitigation program to be implemented by the Washington State Department of Game (Game) and financed by Licensee in satisfaction of the provisions of Articles 41 and 43 of the license for the Wells Hydroelectric Project No. 2149.

Under the proposed settlement agreement Licensee would provide a cash payment of \$1,250,000 to Game for initial capital expenses and for annual operational expenses. Licensee would also convey several parcels of land in fee to Game as well as other lands with appropriate easements upon which Game would manage a program to improve the wildlife habitat. All lands are located in the vicinity of the project.

¹ Designated Pacific Power & Light Company FPC Rate Schedule No. 28 and Supplement Nos. 30 and 34.

The fully executed settlement agreement would resolve all outstanding issues in this proceeding which resulted from a hearing ordered by the Commission and held from August 15, 1972 to August 25, 1972.

Any person desiring to protest or comment on said settlement agreement should file comments with the Federal Power Commission, 825 North Capitol Street, NE., Washington, D.C. 20426 on or before March 15, 1975. Comments will be considered by the Commission in determining the appropriate action to be taken. A copy of this settlement agreement is on file with the Commission and is available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5650 Filed 3-3-75;8:45 am]

[Docket No. ID-1691]

PAUL J. SULLIVAN
Supplemental Application

FEBRUARY 25, 1975.

Take notice that on January 23, 1975, Paul J. Sullivan, (Applicant) filed a supplemental application with the Federal Power Commission, pursuant to section 305(b) of the Federal Power Act, seeking authority to hold the following positions:

Director, Massachusetts Electric Co., public utility.

Director, the Narragansett Electric Co., public utility.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5651 Filed 3-3-75;8:45 am]

[Docket No. ID-1757]

PETER R. GROOME
Initial Application

FEBRUARY 25, 1975.

Take notice that on February 18, 1975, Peter R. Groome, (Applicant) filed an initial application with the Federal Power Commission, Pursuant to section 305(b) of the Federal Power Act, Applicant seeks authority to hold the following positions:

Vice President, Blackstone Valley Electric Co., public utility.

Director, Montaup Electric Co., public utility.

The Company is engaged in the generation, purchase and transmission of electric energy and its distribution and sale for light, heat and power purposes (and the incidental sale of electric appliances) throughout the entire Blackstone Valley district of Rhode Island consisting of the cities of Pawtucket, Woonsocket, Central Falls and the Towns of Cumberland, Lincoln and other adjacent towns. The entire operations of the Corporation are confined within the State of Rhode Island.

The Company also owns approximately 33.33 percent of the voting control of Montaup Electric Company, a Massachusetts electric generating company, from which it purchases a major portion of its electric requirements.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Person wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5640 Filed 3-3-75;8:45 am]

[Docket No. E-8958]

SIERRA PACIFIC POWER CO.
Compliance Filing

FEBRUARY 14, 1975.

Take notice that on January 20, 1975, Sierra Pacific Power Company (Applicant) tendered for filing pursuant to section 205 of the Federal Power Act and Part 35 of the Regulations issued thereunder, and in compliance with the Commission request of December 10, 1974 in Docket No. E-8958, a Fifth Revised Sheet No. 15 to its FPC Electric Tariff Original Volume No. 1. The submittal, which cancels Fourth Revised Sheet No. 15, serves to update Applicant's Index of Purchasers, and is requested to become effective upon the date of filing.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 7, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests

filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and is available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5583 Filed 3-3-75;8:45 am]

[Docket No. CP 75-230]

SOUTHERN NATURAL GAS CO.
Notice of Application

FEBRUARY 19, 1975.

Take notice that on February 11, 1975, Southern Natural Gas Company (Applicant), P.O. Box 2563, Birmingham, Alabama 35202, filed in Docket No. CP75-230 an application pursuant to section 7(b) of the Natural Gas Act for permission and approval to abandon service to Phillips Petroleum Company (Phillips) and facilities related to such service in Adams County, Mississippi, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant proposes to abandon the delivery of natural gas to Phillips as a result of the cancellation by Phillips of the contract of sale between the two parties. The application indicates that Applicant's delivery of gas, certificated in Docket No. CP67-96, to Phillips was used to operate a gas lift compressor on Phillips' Pearl Line Lease in Adams County. Applicant states that Phillips has sold its lease to Coastal Pipe and Equipment Company, Inc., which does not wish to have the gas sales contract assigned to it. The application further indicates that the subject service has not been rendered since July 1, 1974, and that the proposed abandonment will have no effect on Applicant's pipeline system operation.

Applicant also proposes to abandon the metering facilities used for the subject service. Applicant states that it will survey the facilities to be abandoned to determine if they will be salvaged or retired.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 6, 1975, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in

any hearing therein must file a petition to intervene in accordance with the Commission's rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act and the Commission's rules of practice and procedure, a hearing will be held without further notice before the Commission on this application if no petition to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that permission and approval for the proposed abandonment are required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 75-5584 Filed 3-3-75; 8:45 am]

[Docket No. RP74-39-8]

TEXAS EASTERN TRANSMISSION CORP.
Order Granting Extraordinary Relief after
Further Consideration

FEBRUARY 26, 1975.

Now before us for further consideration is an application for extraordinary relief from curtailment imposed by Texas Eastern Transmission Corporation (TETCO) filed by the North Alabama Gas District (North Alabama) on behalf of the Cherokee Alabama plant of United States Steel's Agri-Chemical Division (USS or Ag-Chem). North Alabama requests that we issue an order directing TETCO to deliver to North Alabama, for resale to Ag-Chem, volumes of extraordinary relief gas for feedstock and process uses which are sufficient to permit maximum production of anhydrous ammonia, a basic ingredient in nitrogen fertilizer. After review of the reopened record, which has been greatly expanded and improved by the addition of new evidence introduced at a second hearing, we have determined that extraordinary relief should be provided to meet Ag-Chem's feedstock gas requirements, but that relief for process gas use should be granted only for a limited time and upon condition that Ag-Chem agrees, after August 1976, to take natural gas only for feedback use.

North Alabama, on February 13, 1974, petitioned for extraordinary relief and requested exemption from TETCO's curtailment and delivery of its full firm contract entitlement, 14,800 Mcf/d. In an order issued March 25, 1974, we granted temporary relief and set the petition for hearing. We also specifically ordered North Alabama to "present evidence to substantiate the technical infeasibility of utilizing alternate fuels in the Ag-Chem Cherokee plant." After a

hearing had been held on May 7-10, 1974, Administrative Law Judge Samuel Kanell released an initial decision on July 23, 1974, which granted partial extraordinary relief subject to certain conditions. By order issued November 26, 1974, we denied permanent relief and terminated the delivery of temporary relief gas to Ag-Chem through North Alabama. Which action was based upon our conclusion that the petitioner, which has the burden of proof in an extraordinary relief proceeding, had relied almost exclusively on general evidence of the national fertilizer shortage and had not made a sufficient showing of the specific individualized "extraordinary circumstances" that are required to support the grant of relief.

On December 20, 1974, we granted rehearing, reopened this record, set a further evidentiary hearing and denied stay of our previous order and temporary extraordinary relief. In light of both the changed circumstances alleged in North Alabama's application for rehearing, and our continued awareness of the need for increased food production through the proper application of fertilizer, we concluded that North Alabama should have another opportunity to justify relief; and we requested further evidence relating to these five issues:

(1) The technical feasibility of conversion of Ag-Chem's plant to use fuel oil instead of process gas, and particularly, the ability of Ag-Chem to acquire No. 2 fuel oil with a sufficiently low metallic content;

(2) The use of Ag-Chem's end product: where is the fertilizer used and for what specific agricultural purposes, how much is exported, how and where is the non-agricultural production used;

(3) The degree of severity of the fertilizer shortage and particularly, the current supply and demand projections of the Department of Agriculture;

(4) The current and projected future ability of Ag-Chem's two other gas suppliers to provide gas to Ag-Chem;

(5) The technical feasibility of construction or lease of storage facilities, negotiation of exchange agreements, or production or purchase of LNG or SNG.

After this hearing had been concluded on January 24, 1975, the completed record was certified to us without initial decision. Initial briefs were filed on February 3, 1975, by North Alabama, USS, General Motors Corporation (GM), Algonquin Gas Transmission Corporation (Algonquin), Bay State Gas Company, et al., Consolidated Edison Company of New York (Con Edison), and the Commission Staff. On February 10, 1975, reply briefs were submitted by the same parties with the exception of Con Edison and with the addition of a reply brief by TETCO.*

Adjudication of North Alabama's petition requires a two part analysis. First, we must determine if any amount of extraordinary relief should be awarded by

* In an order issued December 10, 1974, we denied North Alabama's petition for a temporary stay pending its submission and our consideration of its application on rehearing.

focusing upon the current supply and demand projections for ammonia fertilizer, the regional impact of curtailment on fertilizer and food production, the specific uses to which Ag-Chem's end products are put, and Ag-Chem's ability to acquire other gas supplies. We must then consider whether the actual volumes of relief provided to North Alabama and Ag-Chem should be reduced to reflect the effect of achievable gas conservation measures. Here, the question of the "technical feasibility" of conversion of process fuel applications from natural gas to oil is paramount.

North Alabama and USS, the undisputed real party in interest, contend that the need for relief has been proven, and that process conversion is not "feasible" according to an engineer's common understanding of that term. GM and Staff support relief for the full volumes needed for feedstock use, but suggest that process gas relief should be ordered only until process conversion to fuel oil can be achieved and upon condition that the conversion work is undertaken. Algonquin, Bay State, et al., and Con Edison oppose relief in any form. Con Edison specifically questions the accuracy of the estimates of the fertilizer shortage; while Algonquin emphasizes that North Alabama has not proven the infeasibility of process conversion. Bay State, et al., takes the position that evidence presented upon rehearing is insufficient to alter our previous conclusions.

I. The Alleged Need for Relief. At the original hearing held in May 1974, estimates of the 1974 anticipated fertilizer supply shortage ranged from 5,000,000 tons of nitrogen or 5 percent of the predicted demand, the estimate of the Department of Agriculture (Agriculture) given by its staff economist, Dawson Ahalt, to a maximum of 2 million tons of nitrogen or 20 percent, Ag-Chem's projection. At the reopened hearing the two expert witnesses stated their belief that the actual 1974 shortage was more severe than had been predicted by Agriculture, and that the shortage will continue or worsen in 1975. Dr. Douglas, a staff economist for the Tennessee Valley Authority, appearing for North Alabama, testified that the indicated minimum 1974 shortage of nitrogen fertilizers for use on corn and wheat acreage was 578,000 tons of nitrogen (Tr. 569). Witness Douglas also predicted that in excess of 1.3 million tons of grain prices remain high (Tr. 570). This should be compared to corresponding predictions of a 1975 supply increase of 2 percent to 6 percent or 200,000 to 600,000 tons. The higher supply prediction was made by Witness Ahalt on the assumption that supplies of natural gas for fertilizer production would not be curtailed (Tr. 541); the lower estimate from the Fertilizer Institute seems to be more realistic. (Tr. 570)

Con Edison alone questions these projections. It notes that a 6 percent increase in fertilizer production would be

* By order issued February 13, 1975, we denied a request for temporary relief pending issuance of this decision filed by North Alabama in which USS joined.

sufficient to offset a 1975 supply shortage at the 1974 level, 5 or 6 percent. Con Edison argues that Dr. Douglas' estimate of a 750,000 ton increase in demand during 1975, to be added to the 1974 shortfall of 500,000 to 600,000 tons, is deficient or even completely incorrect because sufficient consideration was not given to the elastic nature of fertilizer demand and the possible effect, in reducing demand, of rising fertilizer costs and declining market prices for crops. We are not persuaded by this line of argument for it ignores other evidence, including the negative impact of curtailment on fertilizer supply, the positive impact on grain prices of the fact that grain stocks are at their lowest level in the last thirty years, and the growth in fertilizer usage which is occurring as farmers are educated about the efficiencies that can be achieved with modern agricultural technology. Additionally, Witness Ahalt testified that decreases in commodity prices will not bring about massive reductions in fertilizer demand so long as farmers can continue to recover the variable costs of full production (Tr. 501). The difficulty of the present situation is underscored by predictions that the United States may become a net importer of fertilizer during the 1975 fiscal year, despite the fact that fertilizer selling on the world market is approximately twice as expensive.

Even if these projections are overstated, any degree of shortage could cause substantial harm to farmers in a particular region or to consumers. Fertilizer production is concentrated in the Southwest near the major natural gas producing areas, but away from the major agricultural regions, the East, Southeast and Upper Midwest. Loss of 100,000 tons of nitrogen, 1 percent of the net nitrogen fertilizer production expected in the 1975 fiscal year could be significant on a regional basis, for that amount is equal to 10 percent of the Southeast's fertilizer usage in 1974 and can be translated into a 23 percent reduction in the area's corn production and a 2 percent loss of cotton and tobacco. Ag-Chem asserts that, without extraordinary relief, its output of anhydrous ammonia in the first eight months of 1975 will be reduced from 124,000 tons to approximately 90,000 tons, a loss of 34,000 tons of ammonia or 27,880 tons of nitrogen. Similarly, a small decrease in fertilizer could have disproportionate inflationary effects on the food prices, since it has been suggested that minor changes in the already tight supplies of farm commodities can trigger major price changes.

In response to the second question posed in our order granting rehearing, Ag-Chem has supplied an estimated analysis of the uses to which its ammonia products are put (Exhibit 9). Ag-Chem had originally planned on production of 175,000 tons of ammonia in 1974; as a result of the curtailment of its gas supplies, the actual 1974 output was only 163,800 tons. With the addition of 2,255 tons taken from the existing inventory, the total volume of ammonia shipped

from the Cherokee plant, either directly or after further processing into various end products, was 165,015 tons. From this total, 151,612 tons (91.9 percent) were sold as agricultural fertilizer; 7,638 tons (4.5 percent) were shipped for various industrial chemical uses including the manufacture of refrigeration solutions, ore processing, and metal treatment; 5,300 tons (3.2 percent) were exported; and 715 tons (0.4 percent) were utilized as turf and garden fertilizer. An estimate of the percentage applications of the total agricultural fertilizer tonnage (151,612 tons) by crop type was also introduced: 46 percent was applied to corn acreage; 14 percent to pasture and hay fields; 6 percent to wheat fields; and 6 percent to cotton acreage.

In order to operate at full daily capacity, 530 tons of ammonia, the Cherokee plant must receive 17,623 Mcf of gas per day for feedstock and process uses. The manufacture of one ton of ammonia requires 33.25 Mcf of gas. Full production can be achieved on approximately 30 days during the winter when the air density is greatest and the water drawn from the Tennessee River is at the lowest temperature. At all other times the plant's output and its gas supply requirement are somewhat smaller. Ag-Chem has a firm contract with North Alabama providing for delivery of 16,800 Mcf/d obtained from TETCO, 14,800 Mcf/d and Tennessee Gas Pipeline Company, (Tennessee) 2,000 Mcf/d. Ag-Chem has also contracted with Alabama-Tennessee Natural Gas Company (Alabama-Tennessee) for direct delivery of 1,500 Mcf/d of firm gas and 3,500 Mcf/d of interruptible gas.

Since it is possible that Ag-Chem could receive up to 4,177 Mcf/d of gas above its maximum feedstock and process requirements which would be burnt in its dual fueled boilers and phosphate dryers, Ag-Chem has agreed to take from TETCO only the minimum amount of relief gas that is actually needed as feedstock and for process use. However the evidence of projected curtailment levels indicates that Ag-Chem's highest total curtailed entitlements, 17,530 Mcf/d in July and 17,729 Mcf/d in August, will be approximately equal to its "indispensable" feedstock and process gas needs. Without extraordinary relief, in February and March of this year, Ag-Chem can expect to receive a total gas supply of 6,054 Mcf/d and 8,481 Mcf/d, respectively, or roughly 35 percent to 50 percent of its variable daily minimum gas requirement. The Cherokee plant, which is currently producing slightly more than 150 tons of ammonia per day, is now operating at or near the minimum sustainable level of production. Ag-Chem believes that it can maintain production but fears that it will be unable to generate sufficient heat to restore operations if production is halted by a malfunction or for normal maintenance.

During the 1973-74 winter heating season TETCO's curtailment of Ag-Chem's firm contract volume did not exceed 51 percent; and Ag-Chem continued to re-

ceive its full entitlement from its two additional suppliers. Alabama-Tennessee also provided excess interruptible gas on occasion. From December 1974 through March 1975 Ag-Chem's actual or projected entitlement from TETCO ranges from 2,400 Mcf/d to 7,222 Mcf/d, a curtailment of 51 percent to 84 percent. Tennessee is presently curtailing Ag-Chem, through North Alabama, by 28.45 percent of its firm contract volume. Alabama-Tennessee has cut off interruptible service through March, and from April through August, will provide between 731 Mcf/d and 821 Mcf/d out of Ag-Chem's full interruptible contract volume, 3,500 Mcf/d. In addition, Alabama-Tennessee will continue its curtailment of Ag-Chem's firm service volume, 1,500 Mcf/d, by 16 percent to 24 percent until April.

In the order of November 26, 1974, we concluded that the general conclusory evidence on which North Alabama had chiefly relied did not provide sufficient justification for an award of extraordinary relief absent a more compelling showing of Ag-Chem's particular "extraordinary circumstances". After further review, we now have determined that the grant of some form of relief is justified on this expanded record, and particularly, by the above discussed evidence. While it may be impossible to state with precision the exact extent of the fertilizer shortage, given the number of interrelated factors affecting supply and demand, the evidence available to us indicates that there is a severe shortage of agricultural fertilizer which will result in decreased food production, possibly in higher consumer prices.

Furthermore, the loss of production at the Cherokee plant due to curtailment will not only contribute to the national fertilizer shortage but may also have disproportionately harmful effects on food production in the southeast region and on consumer prices over an even wider area. Ag-Chem has also shown that nearly all of its ammonia production is used to fertilize food producing acreage; only a small percentage of the total is exported, and almost none is wasted on ornamental uses. Since its two alternate suppliers have now instituted curtailment at significant levels, the Cherokee plant is now operating inefficiently, at or near the absolute minimum level, and will apparently be able to produce at full capacity only during July and August.

Previously we have hesitated to grant relief on the basis of end product social utility. Our reluctance is based upon basic considerations of administrative convenience and more importantly, upon an awareness of the near impossibility of fairly deciding a number of requests based on conflicting estimations of social utility. Yet, we are willing to consider the social utility of a particular end product when a particularly exemplary showing of compelling public interest is made; and we believe that this record presents such a situation. However, this decision should not be interpreted as a precedential deviation from our prior policy or as

an invitation to petitioners for extraordinary relief to engage in protracted discussions of the comparative social value of various products.

II. Conversion and Conservation Issues. A showing of extraordinary need does not automatically entitle a curtailed customer to a grant of relief.⁴ The petitioner is also required to show that all available sources of natural gas and alternate fuels have been exhausted, and that due diligence has been exercised in converting gas processes to other fuels. In our order granting rehearing we specifically ordered North Alabama to introduce further evidence proving both its inability to store or exchange gas or purchase LNG and SNG, as well as the technical infeasibility of modifying its Ag-Chem's facilities to use fuel oil in place of process gas.

North Alabama has demonstrated that Ag-Chem cannot reasonably acquire new supplies of gaseous fuels. Construction of storage or liquefaction facilities at the Cherokee site is not feasible since Ag-Chem will not receive significant amounts of excess gas above its feedstock and process requirements during the summer months. North Alabama states that storage of all available summer excess gas would permit Ag-Chem to meet its process and feedstock needs during three days of the ensuing winter. Ag-Chem has also shown that it has attempted in good faith to arrange exchanges and to buy SNG or LNG without success, although we would suggest that Ag-Chem continue to investigate further the possibility of purchasing and storing SNG or LNG on a seasonal basis.⁵ Finally, it would be counterproductive to require Ag-Chem to use propane as feedstock or process fuel, since the Cherokee facility does not now have a propane use capability and Ag-Chem may not be able to obtain sufficient quantities of propane.⁶

The question of the feasibility of conversion of the Cherokee plant's process gas applications to oil use cannot be answered as quickly and as conclusively. At the Cherokee plant feedstock gas is fed in special catalyst tubes through a primary

reformer in which the tubes and the feedstock gas inside are heated by flue gas flowing down from top fired burners fueled with process gas. A chemical reaction occurs and the feedstock gas is broken down into compounds which become anhydrous ammonia. As part of the plants' waste heat recovery system, the flue gas is channeled through a bank of metal heat coils containing water at an initial temperature of 200° F. The flue gas heats the water to 350° F. The heat energy equivalent of 800 Mcf/d of gas is thereby transferred from the waste gas to the now superheated water. This energy is then used to fuel other production steps in which the basic ammonia is processed into numerous end products.

The basic conversion, permitting the use of fuel oil to fire the burners in the primary reformer, would require the substitution of 92 dual fired burner units in place of the existing 72 gas burners, the replacement of some refractory tiles, and the installation of oil distribution equipment above the burners connected to a 100,000 barrel storage tank. The necessary work can probably be best accomplished by the use of a crane after temporary removal of the plant's corrugated metal or asbestos roof. Ag-Chem estimates the cost of conversion to be \$1,000,000 currently or \$1,300,000 in eighteen months, allowing for the compounded effect of inflation at a rate of 1.5% per month.

If No. 2 fuel oil containing a normal amount of sulphur is used to fire the primary reformer burners, the sulphur trioxide present in the flue gas will condense on the relatively cold surface of the heat recovery coils, which are cooled by the water flowing inside at an initial temperature of 200° F, and will form sulphuric acid. Corrosion of these coils will occur within one day and will result in shutdown of the plant. There are three technically possible solutions to this problem: fuel oil with a maximum sulphur content of 0.1 percent can be used; the heat recovery system can be scrapped and a separate oil heating system, requiring the equivalent of 800 Mcf/d of gas, can be substituted; or the water inside the heat recovery coils could be preheated to 300° F below it flows into the convection bank with the use of an oil heating system requiring the equivalent of 550 Mcf/d of gas.

North Alabama's expert witness, James Finneran has conceded that process conversion to oil use is "technically possible" (Tr. 784) but North Alabama and Ag-Chem suggest that conversion is not "technically feasible" as that term would be understood by the engineering profession. They argue that conversion of the primary reformer's gas heating system is infeasible because it would require the total reconstruction of an old plant, with a remaining useful life of 6 or 7 years, which was originally designed, unlike some newer plants, to use natural gas exclusively. Also, since guaranteed low sulfur oil is assertedly not available, it would be necessary to modify the heat recovery system with the result that op-

eration of the Cherokee plant would be extremely inefficient, inconsistent with good engineering practice, and unnecessarily wasteful of energy.

Staff, GM and Algonquin respond that North Alabama has not met its burden of proving infeasibility and suggest that the various impediments noted by the petitioners do not form a sufficiently significant bar to conversion, when weighed against the severity of the gas shortage and the fact that any relief gas for process use would be provided at the expense of other high priority customers. Their contentions can be summarized in the following points. First, in determining feasibility we should either ignore economic considerations or conclude that North Alabama has not proven that conversion is economically infeasible. Second, the work to be undertaken and the costs to be incurred in converting the primary reformer are primarily those normally required in any conversion to oil use. Third, Ag-Chem either has not made a sufficiently diligent effort to acquire low sulphur oil, or can remedy the problem by testing each oil delivery and rejecting unacceptable loads. Finally, the negative impact of inefficiencies or energy loss resulting from modification of the heat recovery system are insignificant in comparison to the positive benefits from elimination of Ag-Chem's need for process gas.

Ideally, we should now attempt to define feasibility and establish a firm standard for resolution of the conversion issues in this and similar cases; but realistically, a workable definition is not possible at this time. Algonquin suggests that the dictionary definition of feasible, "capable of being done", should be applied. This suggestion is attractively simple, but it ignores necessary economic limitations on theoretical possibilities. A petitioner for extraordinary relief should not be required to undertake conversion measures which have been proven possible only under laboratory conditions, or which would eventually imperil the financial integrity of the business if attempted. The alternative definition used by North Alabama's witness Finneran would eliminate as infeasible conversion techniques which are possible to accomplish, but which are either not consistent with sound, firmly established, engineering principles, or not within the limits of practical constraints, e.g., economic factors or the availability of materials. This suggestion is also deficient in two areas: first, it ignores the impact of the current gas shortage upon sound engineering principles previously established when a seemingly limitless supply of gas was available, and when high volume gas usage was actively encouraged; and second, it does not establish the degree of economic injury which would be sufficiently compelling constraint upon a technically possible conversion proposal. An industrial concern, currently burdened with a curtailment of its gas supply shared by other high priority users, may properly be required to take steps which previously would not have

⁴Mississippi River Transmission Corporation (Georgia-Pacific Corporation) order issued November 15, 1974, in Docket No. RP74-63-1; Texas Eastern Transmission Corporation (Carnegie Natural Gas Corporation), Opinion No. 716, issued December 16, 1974, in Docket No. RP74-39-3, rehearing denied, Opinion No. 716-A, issued January 8, 1975.

⁵In its reply brief Algonquin states that it has informed Ag-Chem that SNG from its facilities will be available from April through September 1975. Since Algonquin apparently did not make this offer during prior contacts before the hearing and failed to develop this point on the record, we will not modify our decision on the basis of this single allegation.

⁶See Mississippi River Transmission Corporation (Georgia-Pacific Corporation), supra, where the petitioner had an existing ability to use propane and had, in fact, used substantial amounts of propane during the previous winter to avoid shutdown during complete curtailment of its gas supply.

been considered due to substantial technical problems or a foreseeably negative effect on profits, when the only alternative is an additional award of extraordinary relief at the expense of similarly situated customers or higher priority users.

Instead we shall determine the feasibility of gas conservation measures on the facts of each particular case, without a standard definition, just as the reasonableness of a particular rate is established. However, two important policy considerations can be generally noted. First, the burden of proof in these equitable proceedings is properly on the petitioner, who alone has full access to the facts, rather than on the pipeline or the numerous affected customers. When the record is deficient, it would be unjust to speculate too broadly at the expense of those from whom the requested relief will be taken. Second, in determining economic feasibility, great weight must be given to noneconomic factors, including the general gas shortage, the existing level of curtailment on the particular pipeline, and the end use priority of the customers to be affected by a grant of relief that does not require conversion of processes fueled by gas. Also, increased costs, resulting directly from the current disparity between the prices of oil and gas, must be stricken from this economic evaluation.

In this case, we affirm our previous finding that process conversion is feasible. The required modifications of the primary reformer are substantial; but we do not agree that they amount to a "total reconstruction". The estimated cost is reasonable in relation to the existing total investment. Many of the necessary steps, such as installation of an oil tank and a piping system, would be required as part of any conversion to oil use. We will accept Ag-Chem's assertions that it has been unable to obtain a sufficient supply of low sulphur oil after a reasonably diligent effort, although we are not convinced that a satisfactory arrangement is completely beyond Ag-Chem's abilities.

However, the sulphur condensation problem can be solved by preheating the water flowing into the convection coils or by eliminating the use of the heat coils entirely. North Alabama and Ag-Chem contend that these solutions should be rejected because the conversion process will be further complicated and the end result will be energy waste and inefficient operation. This contention is unpersuasive when balanced against the gas conservation which will be achieved, and the fact that the production of fertilizer will continue without the diversion of gas for process relief. Furthermore, witness Finneran's retort that modification of the waste heat recovery system "... would make this poor old ammonia plant the most inefficient one I have ever heard of", although entitled to significant consideration as an expert opinion, is not based on a specific review of the effect of increasing curtailment on the ammo-

nia fertilizer industry or on a detailed engineering study of the Cherokee facility.

In our analysis the only significant potential impediments to conversion are economic rather than technical; but the record on economic factors versus technical issues is not particularly detailed. For example, North Alabama suggests that economic injury is not an issue here; but its definition of feasibility includes economic constraints and subsumes an economic evaluation of Ag-Chem's ability to bear the costs of conversion. It is stated that conversion is infeasible because the remaining useful life of the Cherokee plant is 6 or 7 years. But this figure is not an individual estimate; it is based on the general proposition that economic competition from newly constructed, more efficient plants, producing ammonia at higher capacities will eventually force the closure of the older Cherokee plant. Yet, it is conceded that maintenance of the currently higher price of fertilizer will extend the useful life of this plant.

Similarly, Witness Henderson testified that he did not "think" that Ag-Chem could increase its prices above the going market price because its customers would be angered and would refuse to buy from Ag-Chem when the fertilizer market becomes competitive again. Yet, if we assume arguendo that this testimony is correct, and that competition in the marketing of fertilizer will resume shortly, it is quite possible that Ag-Chem's profit margins are sufficiently large and its variable costs are correspondingly low so that the additional expenditures necessitated by process conversion can be absorbed without the addition of a conversion cost surcharge. Furthermore, the price of ammonia fertilizer has tripled since controls were removed in 1972. The recent profits earned from operation of the Cherokee facility may have been sufficiently high to support the immediate initial costs of process conversion.

Based on the record now before us, we cannot conclude that Ag-Chem has shown that conversion of its process gas applications to the use of fuel oil is infeasible on technical or economic grounds. The available evidence indicates that conversion is feasible. To the extent that the record is incomplete, particularly in its discussion of economic considerations, we will not modify that finding on the basis of speculation on the past or future financial condition or the economic viability of the Cherokee facility, when the alternative result is concretely clear, the diversion of gas from other high priority curtailed customers of TETCO.

III. Form of Relief. In light of the preceding conclusion we will grant permanent extraordinary relief only for feedstock use. However, given the undisputedly substantial character of the steps required to convert the process gas applications at the Cherokee plant to oil use, limited additional volumes of relief gas should also be provided, for process

use.* The evidence indicates that conversion can be accomplished within thirteen months or by March 31, 1976. Since the expiration of this time period coincides with the end of the winter heating season, the period of heaviest curtailment, we can also make a reasonable allowance for unexpected delays and problems without causing significant harm to TETCO's other customers, by extending our deadline for conversion through August 1976. Ag-Chem has already agreed to use all available interruptible gas only for feedstock or process fuel and to reduce its takes from TETCO when the total volume of available gas exceeds its feedstock and process needs. After August 31, 1976, relief will be provided on condition that gas received from any source is to be used only as feedstock and not for process fuel.

North Alabama and Ag-Chem request that the total amount of gas to be provided by TETCO, including relief volumes and the basic curtailed entitlement, should be limited only by North Alabama's firm contract volume, 14,800 Mcf/d. This limitation would be unjust for it would require TETCO and its other customers to replace the volumes of gas which Ag-Chem lost as a result of curtailments imposed by its other two suppliers, up to a maximum daily total of 4,177 Mcf. If Tennessee and Alabama-Tennessee were not in curtailment Ag-Chem would never need more than 10,623 Mcf/d from TETCO to achieve full production. To remedy this inequity, Staff suggests that the maximum daily volume of relief to be provided by TETCO should be calculated by subtracting the total volume curtailed by the other suppliers from 14,800 Mcf/d, the TETCO contract volume. This proposal also seems unjust since it would doubly penalize Ag-Chem when all three suppliers severely curtail their deliveries.

Instead, we have concluded that the maximum daily volume delivered by TETCO to North Alabama should not exceed 11,964 Mcf/d. This figure was derived by calculating the ratio of Ag-Chem's total firm and interruptible contract volume (21,800 Mcf/d) to the volume Ag-Chem requires for feedstock and process use at maximum production (17,623 Mcf/d), and by applying that ratio to the TETCO contract volume of 14,800 Mcf/d.⁷ Imposition of this limitation should insure that relief gas diverted from other TETCO customers will not be used to remedy curtailments imposed by other suppliers and also should encourage Ag-Chem to seek any necessary additional gas by petitioning separately for relief from Alabama-Tennessee and Tennessee, which are not parties to this proceeding. However, we will delay the

* For the same reason this decision should not be read as support for a conclusion that Ag-Chem's firm process gas volumes should be classified in category three rather than category two in determining Ag-Chem's basic entitlement under a curtailment plan following the priorities set forth in Order No. 467-B.

imposition of this volumetric limitation until May 1, 1975, in order to give Ag-Chem sufficient time to file those petitions and to prevent a severe loss in production during March when Ag-Chem will not receive any gas from Tennessee.*

Finally, no one disputes that a condition should be attached to protect category one service; but certain anomalies in the operation of TETCO's effective interim curtailment plan have given rise to a dispute over the form of this condition. TETCO has been calculating curtailment into category one since December 1974 but, in actual fact, has been delivering gas to priority two customers during this period. In implementing its curtailment plan TETCO curtails on the basis of its customers' total annual entitlements shown in its tariff sheets, 1,077, 928, 425 dekatherms; but its level of curtailment, the Order No. 467-B service priority into which curtailment extends, has been calculated on the basis of a lower figure shown in Exhibit No. 50 in Docket No. RP71-130, et al., in which 94,766,930 dekatherms per year or 259,635 dekatherms per day are excluded and are not classified in any service priority. Staff proposes that we "... place the burden on TETCO to show when it is actually curtailing into priority one ...", or alternatively that we order TETCO to either file a curtailment impact study or implement its curtailment plan on the basis of new data being collected in the proceeding that concerns TETCO's proposed permanent curtailment plan, Docket No. RP71-130 et al. Incorporation of this proposal in this order would unduly and unnecessarily complicate this case by injecting issues which should be addressed in that other proceeding. Instead, we will include a condition that extraordinary relief shall not be provided whenever the provision of extraordinary relief would cause TETCO to implement actual curtailment into priority one volumes.

The Commission further finds. Good cause exists and it is in the public interest to modify our order of November 26, 1974, in this docket, and to grant extraordinary relief to North Alabama for the benefit of Ag-Chem, subject to the conditions and limitations previously discussed and hereafter ordered.

The Commission orders. (A) The order of November 26, 1974, in this docket, is hereby amended as follows.

(B) The petition for extraordinary relief filed by the North Alabama Gas District is hereby granted subject to the volumetric limitation and to the conditions hereafter ordered.

*On or after September 1, 1976, this limit will be reduced to 7,179 Mcf/d to reflect the elimination of relief for process use.

*In January and February, Ag-Chem has maintained production by borrowing additional gas from Tennessee against its total winter entitlement; as a result Tennessee will cut off deliveries to Ag-Chem through North Alabama during March.

*These figures are set forth and explained in a stipulation between TETCO and North Alabama appearing in the record at page 555.

(C) The total daily volume of gas delivered by TETCO to North Alabama for redelivery to Ag-Chem shall not exceed these limits:

(1) From February 26, 1975 to April 30, 1975—14,800 Mcf/d;

(2) From May 1, 1975 to August 31, 1975—11,964 Mcf/d;

(3) On and after September 1, 1976—7,179 Mcf/d.

(D) Extraordinary relief is granted upon condition that:

(1) Before September 1, 1974, Ag-Chem agrees to use gas received from any source only as feedstock and for process fuel in firing its primary reformer burners, and to take the absolute minimum volume of gas from TETCO through North Alabama necessary for use as feedstock and as process fuel to produce the maximum output of ammonia achievable on that particular day;

(2) On and after September 1, 1976, Ag-Chem agrees to use gas received from any source only as feedstock, and to take the absolute minimum volume of gas from TETCO through North Alabama necessary for use as feedstock to produce the maximum output of ammonia achievable on that day;

(3) TETCO shall not deliver any extraordinary relief volumes to North Alabama for Ag-Chem whenever provision of extraordinary relief would cause TETCO to implement actual curtailment into priority one volumes.

(4) If, at any time, Ag-Chem or North Alabama takes or uses gas from any source in a manner inconsistent with the terms of this order, then TETCO shall cease delivery of all gas to North Alabama and North Alabama shall cease delivery of all gas to Ag-Chem until such time when Ag-Chem has ceased to take or use gas in a manner inconsistent with the terms of this order and has paid back to TETCO through North Alabama any volumes of gas from TETCO that may have been taken or used in a manner inconsistent with the terms of this order.

(5) Within thirty days after issuance of this order, North Alabama shall file with this Commission notarized statements signed by the chief executive officers of North Alabama and Ag-Chem which set forth the conditions and limitations contained in this order and the agreement of North Alabama and Ag-Chem to abide by the terms of these conditions and limitations.

By the Commission.

[SEAL] KENNETH F. PLUMS,
Secretary.

[FR Doc.75-5652 Filed 3-3-75;8:45 am]

[Docket No. RP75-19]

TEXAS GAS TRANSMISSION CORP.

Extension of Procedural Dates

FEBRUARY 18, 1975.

On February 12, 1975, Staff Counsel filed a motion to extend the procedural dates fixed by order issued October 30, 1974, in the above-designated matter.

The motion states that the parties have been notified and have no objection.

Upon consideration, notice is hereby given that the procedural dates in the above matter are modified as follows:

Service of staff's testimony, March 26, 1975.
Service of intervenor's testimony, April 16, 1975.

Service of company rebuttal, May 6, 1975.
Hearing, May 21, 1975 (10 a.m. e.d.t.).

KENNETH F. PLUMS,
Secretary.

[FR Doc.75-5585 Filed 3-3-75;8:45 am]

[Docket No. ID-1756]

THEODORE S. FETTER
Initial Application

FEBRUARY 25, 1975.

Take notice that on February 4, 1974, Theodore S. Fetter (Applicant) filed an initial application with the Federal Power Commission. Pursuant to Section 305(b) of the Federal Power Act, Applicant seeks authority to hold the following positions:

Secretary, Philadelphia Electric Co., public utility.

Secretary, Philadelphia Electric Power Co., public utility.

Secretary, the Susquehanna Power Co., public utility.

Secretary, the Susquehanna Electric Co., public utility.

Philadelphia Electric Company (PECO)—a Pennsylvania corporation, supplies electric service in the City and County of Philadelphia and in adjacent Bucks, Chester, Delaware and Montgomery Counties and in a portion of York County in southeastern Pennsylvania. It also supplies most of the electric requirements of its wholly owned subsidiary, Conowingo Power Company (CPCO), a Maryland corporation which furnishes electric service to the public in a portion of northern Maryland adjoining to the electric territory of PECO. PECO also transmits and sells electric energy in interstate commerce. The electric territory served by PECO and its subsidiaries covers an area of 2,340 square miles with a population of about 3,800,000.

PEPCO supplies gas service in an area of 1,475 square miles in southeastern Pennsylvania, adjacent to, but not in the City of Philadelphia, with a population of approximately 1,800,000.

PECO supplies steam heating service principally in the central Philadelphia area.

Philadelphia Electric Power Company (PEPCO) is a Pennsylvania corporation.

The Susquehanna Power Co (SPCO) is a Maryland corporation. PEPCO and its wholly owned subsidiary, SPCO, owned respectively, the Pennsylvania and Maryland portions of the Conowingo Hydro-Electric Project (Project). The Project is leased to and operated by The Susquehanna Electric Company. Transmission lines connect the Project with Companies in the PECO system but SPCO does not furnish service directly to the public.

The Susquehanna Electric Company (SECO) is a Maryland corporation which leases and operates the Project, the entire electrical output thereof being used by PECO and CPCO.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5637 Filed 3-3-75; 8:45 am]

[Docket No. E-9208]

UNION ELECTRIC CO.

Filing of Interconnection and Facility Use Agreement Appendices

FEBRUARY 25, 1975.

Take notice that on January 6, 1975, Union Electric Company tendered for filing pursuant to the Interconnection Agreement between Central Illinois Public Service Company, Illinois Power Company, and Union Electric Company new "Connection Points", designated CIPS-IP Connection 30—North Jacksonville, CIPS-IP Connection 31—South Mt. Vernon, and IP-UE Connection 17—Frey, plus a new Appendix N dated October 24, 1974 to the Facility Use Agreement between Union Electric Company and Illinois Power Company.

Said "Connection Points" provide for new connections between the parties and Appendix N establishes charges to be paid by Union Electric to Illinois Power.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 17, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and is available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5653 Filed 3-3-75; 8:45 am]

[Docket No. RP74-85]

WESTERN GAS INTERSTATE CO.

Compliance Filing

FEBRUARY 14, 1975.

Take notice that on January 23, 1975, Western Gas Interstate Company filed herein substitute original sheet No. 3A to its FPC Gas Tariff, Original Volume No. 1. Western states the effect of the subject tariff sheet is to reduce its rates of 0.7 cent per Mcf as required by Article I of the settlement agreement approved by the Commission in this docket on January 13, 1975. Western requests waiver of the applicable notice requirements to permit the tariff sheet to become effective on June 16, 1974.

Any person desiring to be heard and to make any protest with reference to said filing should file a petition to intervene or protest with the Federal Power Commission, 825 North Capitol Street NE., Washington, D.C. 20426, in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All such petitions or protests should be filed on or before March 12, 1975. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Western's filing is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5586 Filed 3-3-75; 8:45 am]

[Docket No. ID-1350]

WILLIAM H. ZIMMER, JR.

Supplemental Application

FEBRUARY 25, 1975.

Take notice that on January 17, 1975, William H. Zimmer, Jr. (Applicant) filed a supplemental application with the Federal Power Commission, pursuant to Section 305(b) of the Federal Power Act, seeking authority to hold the following positions:

Secretary-treasurer, the Cincinnati Gas & Electric Co., public utility.
Secretary-treasurer, the Union Light, Heat and Power Co., public utility.
Secretary-treasurer, Miami Power Corp., public utility.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 14, 1975, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules.

The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.75-5654 Filed 3-3-75; 8:45 am]

FEDERAL RESERVE SYSTEM

ALABAMA BANCORPORATION

Order Approving Acquisition of Bank

Alabama Bancorporation, Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire 100 percent (less directors' qualifying shares) of the voting shares of the successor by merger to The Bank of Arab, Arab, Alabama ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the act (12 U.S.C. 1842(c)).

Applicant, the largest banking organization in Alabama, controls 11 banks with aggregate deposits of about \$1.3 billion, representing approximately 16.6 percent of the total deposits in commercial banks in the State. Acquisition of Bank, with deposits of about \$12.0 million, would increase Applicant's share of commercial bank deposits by approximately 0.2 percent.

Bank is the sixth largest organization among 10 banks in the relevant banking market,¹ and controls approximately 8.3 percent of market deposits. The second, third, and fourth largest multibank holding companies in Alabama are already represented in the market. Applicant's nearest banking subsidiary is located 50 miles north of Bank in another banking market. Engel Mortgage Company, a nonbanking subsidiary wholly owned by Applicant's lead bank, does some mortgage banking business in the relevant banking market; however, the amount of existing competition that would be eliminated between this subsidiary and Bank is not significant. Furthermore, it does not appear that any significant competition between Applicant's banks and Bank is likely to develop due to Alabama's restrictive branching laws. Nor does it appear likely that Applicant would enter this market de novo since it is not particularly attractive for such entry. Therefore, on the basis of the facts

¹ All banking data are as of June 30, 1974.

² The relevant banking market is approximated by Marshall County.

of record, the Board concludes that consummation of the proposal would not have significant adverse effects on existing or potential competition in any relevant area, and that the competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are considered generally satisfactory, particularly in view of Applicant's commitment to inject an additional \$265,000 in capital into Bank. Thus, the considerations relating to the banking factors are consistent with approval of the application. Applicant's injection of new capital will allow Bank to begin operations in a new branch, construction of which is nearly completed. In addition, Applicant proposes to initiate trust services at Bank and will provide Bank with a ready source for loan participations to accommodate larger loan requests from Bank's commercial customers. These considerations relating to convenience and needs lend weight toward approval of the application. It is the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors,
effective February 21, 1975.

(SEAL) THEODORE E. ALLISON,
Secretary of the Board.

(FR Doc. 75-5588 Filed 3-3-75; 8:45 am)

CLINTON BANCSHARES

Formation of Bank Holding Company

Clinton Bancshares, Clinton, Oklahoma, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. 1842(a)(1)) to become a bank holding company through acquisition of 88 percent or more of the voting shares of First National Bank of Clinton, Clinton, Oklahoma. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Kansas City. Any person wishing to comment on the application should submit views

in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 to be received not later than March 25, 1975.

Board of Governors of the Federal Reserve System, February 21, 1975.

(SEAL) GRIFFITH L. GARWOOD,
Assistant Secretary of the Board.
(FR Doc. 75-5589 Filed 3-3-75; 8:45 am)

FIRST CITY BANCORPORATION OF TEXAS, INC.

Order Approving Acquisition of First City Life Insurance Company

First City Bancorporation of Texas, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y, to acquire all of the voting shares of First City Life Insurance Company ("Company"), Houston, Texas, a company that would engage de novo in the activity of underwriting credit life and credit accident and health insurance directly related to extensions of credit by Applicant's credit-granting subsidiaries. Such activity has been determined by the Board to be closely related to banking (12 CFR 225.4(a)(10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (39 FR 43671 (1974)). The time for filing comments and views has expired, and the Board has considered all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. 1843(c)(8)).

Applicant, the second largest banking organization in Texas, controls 23 banks with aggregate deposits of approximately \$2.7 billion, representing approximately 7.0 percent of the total deposits in commercial banks in the State.¹

Company would act de novo as an underwriter of credit life and credit accident and health insurance directly related to extensions of consumer credit by all but one of Applicant's banking subsidiaries located in seven metropolitan banking markets and two rural counties in Texas.² Credit life and credit accident and health insurance is generally made available by banks and other lenders, and such insurance is designed to assure

¹ All banking data are as of June 30, 1974, and reflect holding company formations and acquisitions approved through December 31, 1974.

² The metropolitan banking markets are approximated by the Standard Metropolitan Statistical Areas of Houston, Corpus Christi, Beaumont-Port Arthur-Orange, San Angelo, Midland, and El Paso and the Rarally Metropolitan Area of Dallas. In addition, Applicant's subsidiaries in Lamar County and Austin County would also subscribe to company's policies.

repayment of a loan in the event of death or disability of the borrower. Since this proposal contemplates no more than a de novo acquisition, consummation of the transaction would not have any adverse effects on actual or potential competition in any relevant market.

Applicant has stated that, following consummation of the acquisition, Company will offer its credit insurance customers reduced premiums and provide credit accident and health insurance for customers of six existing subsidiaries where it is not currently available. Applicant would offer level term credit life insurance on single payment loans at a premium rate 3.7 percent below the statutory maximum, decreasing term credit life insurance at a rate 3.4 percent below the statutory maximum, and credit accident and health insurance at a rate 5.0 percent below the statutory maximum. In addition, Applicant would replace 30 day nonretroactive with 14-day retroactive policies, thus increasing the amount paid in claims and reducing delays in paying claims. Consummation of the proposal also would apparently enable six of Applicant's subsidiary banks not currently offering credit accident and health insurance to its customers to do so.

The Texas Board of Insurance recently adopted a new regulation governing credit life and credit accident and health insurance.³ In essence, the new regulation requires a significant reduction in the maximum prima facie premium rates that may be charged for credit insurance. In view of the premium rate reductions required by Texas law, Applicant's additional premium reductions and proposed increase in policy coverage are procompetitive and in the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined, in accordance with section 4(c)(8) of the Act, that consummation of this proposal can reasonably be expected to result in benefits to the public that outweigh possible adverse effects. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

This transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to authority delegated hereby.

³ Under the authority of Article 3.53 of the Texas Insurance Code, the State Board adopted, on December 5, 1973, the rules and regulations contained in Order No. 26253, effective March 1, 1974.

⁴ Voting for this action: Vice Chairman Mitchell and Governors Sheehan, Bucher, and Wallach. Absent and not voting: Chairman Burns and Governors Holland and Coldwell.

By order of the Board of Governors, effective February 21, 1975.

[SEAL] THEODORE E. ALLISON,
Secretary of the Board.
[FR Doc. 75-5590 Filed 3-3-75; 8:45 am]

FIRST NATIONAL CHARTER CORPORATION

Acquisition of Bank

First National Charter Corporation, Kansas City, Missouri, has applied for the Board's approval under section 3(a) (3) of the Bank Holding Company Act (12 U.S.C. 1842(a) (3)) to acquire 80 percent or more of the voting shares of The Aurora Bank, Aurora, Missouri. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Kansas City. Any person wishing to comment on the application should submit views in writing to the Reserve Bank to be received not later than March 21, 1975.

Board of Governors of the Federal Reserve System, February 24, 1975.

[SEAL] GRIFFITH L. GARWOOD,
Assistant Secretary of the Board.
[FR Doc. 75-5591 Filed 3-3-75; 8:45 am]

CROSS TIMBERS BANCSHARES, INC.

Formation of Bank Holding Company

Cross Timbers Bancshares, Inc., Gorman, Texas, has applied for the Board's approval under section 3(a) (1) of the Bank Holding Company Act (12 U.S.C. 1842(a) (1)) to become a bank holding company through acquisition of 96 percent or more of the voting shares of The First National Bank of Gorman, Gorman, Texas. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Dallas. Any person wishing to comment on the application should submit views in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 to be received not later than March 27, 1975.

Board of Governors of the Federal Reserve System, February 24, 1975.

[SEAL] GRIFFITH L. GARWOOD,
Assistant Secretary of the Board.
[FR Doc. 75-5591 Filed 3-3-75; 8:45 am]

DETROITBANK CORP.

Acquisition of Bank

Detroitbank Corporation, Detroit, Michigan, has applied for the Board's

*Voting for this action: Vice Chairman Mitchell and Governors Sheehan, Bucher, and Wallich. Absent and not voting: Chairman Burns and Governors Holland and Coldwell.

approval under section 3(a) (3) of the Bank Holding Company Act (12 U.S.C. 1842(a) (3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of The First National Bank of Warren, Warren, Michigan. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Chicago. Any person wishing to comment on the application should submit views in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received not later than March 27, 1975.

Board of Governors of the Federal Reserve System, February 24, 1975.

[SEAL] GRIFFITH L. GARWOOD,
Assistant Secretary of the Board.
[FR Doc. 75-5590 Filed 3-3-75; 8:45 am]

STUARCO OIL CO., INC.

Order Denying Acquisition of Bank and Engaging in Insurance Agency Activities

Stuarco Oil Company, Inc., Denver, Colorado, a bank holding company within the meaning of the Bank Holding Company Act,¹ has applied for the Board's approval under section 3(a) (3) of the Act (12 U.S.C. 1842(a) (3)) to acquire 80 percent or more of the voting shares of Alameda National Bank ("Bank"), Lakewood, Colorado.

At the same time, Applicant has applied for the Board's approval under section 4(c) (8) of the Act (12 U.S.C. 1843(c) (8)) and § 225.4(b) (2) of the Board's regulation Y, to engage de novo in certain insurance agency activities in connection with its proposed acquisition of Bank. Such activities have been determined by the Board to be closely related to banking (12 CFR 225.4 (a) (9)).

Notice of the receipt of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (39 F.R. 37830). The time for filing comments and views has expired, and all comments and views received have been considered by the Board in light of the factors set forth in section 3(c) of the Act (12 U.S.C. 1842(c)) and section 4(c) (8) of the Act (12 U.S.C. 1843(c)).

Applicant, presently a one-bank holding company, controls Union Bank and Trust, Denver, Colorado, the fifteenth largest of 70 banks in the Denver banking market,² with deposits of \$38.8 million,³ representing approximately 1 percent of the total deposits in commercial banks in the market. The acquisition of Bank would result in Applicant's becoming the ninth largest of 11 multi-bank holding companies in the State and the

tenth largest banking organization in the Denver banking market, with Applicant controlling less than 1 percent of the total commercial bank deposits in the State and about 1.5 percent of the total deposits in commercial banks in the market.

Bank (deposits of \$20.3 million) is the twenty-fourth largest of 70 commercial banks in the Denver banking market and controls approximately 0.5 percent of the total deposits in commercial banks in the market. Since both Bank and Applicant's present subsidiary bank operate in the Denver banking market, consummation of this proposal would eliminate some existing competition between these institutions. However, there is evidence in the record showing that the competition between these banks is minimal in view of the relatively small market shares of both banks and the presence of some 65 competing banks located within the areas served by the two banks. Furthermore, on balance, the Board is of the view that this proposal could have a positive effect on competition by creating an additional multi-bank holding company to compete in the Denver banking market. Accordingly, the Board concludes that competitive considerations lend some weight toward approval of the application.

Under the Bank Holding Company Act, the Board is required to consider the financial and managerial resources and future prospects of the holding company and its subsidiary banks. In the exercise of that responsibility, the Board finds that considerations relating to the financial resources of Applicant warrant denial of the application. The Board has previously stated that less restrictive debt-equity standards can appropriately be applied to prospective one-bank holding companies if the adverse effects associated with leverage are outweighed by public benefits deriving from the facilitation of the otherwise difficult task of transferring ownership of small rural banks. However, the Board also has previously stated its view that the financial structure of a multi-bank holding company should meet higher standards of financial soundness than are applied to one-bank holding companies.⁴ In applying this policy, the Board finds that Applicant, in this proposed transition from a one-bank holding company to a multi-bank holding company, should not be permitted to incur the proposed amount of debt to acquire a second bank. Applicant proposes to borrow an additional \$2.2 million to finance the purchase of Bank, with the result that Applicant would have an outstanding long-term

¹The Denver banking market is the relevant market for this application and is approximated by Denver, Adams, Arapahoe, and Jefferson Counties, and a portion of Boulder County which includes the City of Broomfield.

²All banking data are as of December 31, 1973.

³See the Board's Order of January 15, 1974, denying the application of BHC, Inc., Hardin, Montana, to become a bank holding company (60 Bulletin 123).

debt of \$5.2 million. Applicant's earnings would be heavily dependent upon the earnings of its subsidiary banks, and Applicant is proposing to service this long-term debt over an 11-year period primarily through dividends from its subsidiary banks. Applicant's proposal for retirement of the debt is contingent upon the banks' maintaining an average dividend payout ratio of 52 per cent throughout the 11-year period. In the Board's view, the projected earnings of Applicant would not provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirements as well as any unexpected problem that might arise at the subsidiary banks. This factor strongly suggests that the financial requirements of Applicant's proposal could place an undue strain on the financial conditions of the subsidiary banks and thereby impair their ability to remain viable banking organizations in meeting the banking needs of the community which they serve. Such considerations relating to the financial condition and prospects of Applicant, in addition to other facts of record, lend substantial weight toward denial of the application and outweigh any procompetitive effects that might result from approval of the application.

Applicant states that affiliation with Applicant would enable Bank to draw upon the resources and expertise of Applicant and its present subsidiary bank, and to increase the services and the volume of loans which Bank offers to its customers. However, since the Board has found that consummation of this proposal could place an undue strain upon Applicant's financial resources, the Board believes that it is doubtful that any appreciable benefits to the public would result from this proposal. Accordingly, considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the application.

On the basis of all the facts of record, and in light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed acquisition would result in Applicant's financial resources being inadequate to service its debt while maintaining its subsidiary banks' capital accounts at a desirable level and that such condition could impair the ability of the banks to meet the needs of the community which they serve. Accordingly, the Board concludes that consummation of this proposal would not be in the public interest and that the application to acquire Bank should be denied.

Incident to this proposal, Applicant has also applied pursuant to section 4(c)(8) of the Act to engage de novo in the activities of an insurance agent or broker with respect to insurance for the holding company and its subsidiaries, and also with respect to credit life and credit accident and health insurance directly related to extensions of credit by Alameda National Bank. Approval of this proposal would permit Applicant to offer

Bank's customers the convenience of obtaining banking and insurance services in conjunction with each other. However, in view of the Board's finding that the application to acquire Bank must be denied, the Board's consideration of the application to conduct insurance agency activities on the premises of Bank hereby becomes moot.

By order of the Board of Governors,^{*}
effective February 24, 1975.

[SEAL] THEODORE E. ALLISON,
Secretary of the Board.
[FR Doc. 75-5692 Filed 3-3-75; 8:45 am]

UNITED MICHIGAN CORP.

Order Approving Acquisition of Bank

United Michigan Corporation, Flint, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of the successor by merger to Gaylord State Bank, Gaylord, Michigan ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of the shares of the successor organization is treated herein as the proposed acquisition of shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Applicant is a one-bank holding company controlling Genesee Merchants Bank & Trust Co. ("Genesee") whose deposits of approximately \$505 million represent 1.8 percent of the total commercial bank deposits in the State and rank Applicant as the ninth largest banking organization in Michigan.¹ Acquisition of Bank, with \$34.4 million in deposits, would increase Applicant's share of commercial bank deposits by .1 of a percentage point and would not result in any significant increase in the concentration of banking resources in Michigan.

Bank is the largest of two banks in its market area (which is approximated by Otsego County and the western three-fourths of Montmorency County) and holds approximately 75 percent of the total commercial bank deposits in the market. Applicant's nearest banking office is located 170 miles southeast of

^{*} Voting for this action: Vice Chairman Mitchell and Governors Sheehan, Bucher, Holland and Coldwell. Absent and not voting: Chairman Burns and Governor Wallich.

Bank. No significant competition exists between Bank and Applicant's subsidiary bank, and it is unlikely that any will develop in the future due to distances involved and Michigan branching restrictions. Population per banking office in Bank's market is substantially less than the State average; therefore, prospects for de novo entry do not seem favorable. Accordingly, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are all regarded as satisfactory and consistent with approval of the application. As a result of the affiliation, Applicant will assist Bank in restructuring its loan portfolio to include more commercial and personal loans and train Bank's personnel to solicit extended maturity mortgage loans. Further, Applicant would effectively extend Bank's lending limit. Considerations relating to the convenience and needs of the community are consistent with approval of the application. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors,^{*}
effective February 24, 1975.

[SEAL] THEODORE E. ALLISON,
Secretary of the Board.
[FR Doc. 75-5693 Filed 3-3-75; 8:45 am]

GENERAL ACCOUNTING OFFICE

REGULATORY REPORTS REVIEW

Receipt and Approval of Report Proposals

The following requests for clearance of reports intended for use in collecting information from the public were received by the Regulatory Reports Review Staff, GAO, on February 20, 1975. See 44 U.S.C. 3512 (c) & (d). The purpose of publishing this notice in the FEDERAL REGISTER is to inform the public of such receipt and the action taken by GAO.

FEDERAL ENERGY ADMINISTRATION

Request was made for approval of revised FEA Form P-106-S-0 (formerly FEA 20), "Application to State for Petroleum Product Hardship or Emergency Relief", and P-107-S-0 (formerly FEA 21), "State Action on Application for Hardship or Emergency Relief."

^{*} All deposit data are as of June 30, 1974.

^{*} Voting for this action: Vice Chairman Mitchell and Governors Sheehan, Bucher, Holland, and Coldwell. Absent and not voting: Chairman Burns and Governor Wallich.

The revisions include format changes and elimination of the permanent-adjustment-to-supply function of the forms. P-106-S-0 has an added question concerning prior assignments.

Based on the nature of the revisions, and the fact that these forms are for State use to authorize a benefit in conjunction with a Federal Program, GAO has provided clearance of revised forms P-106-S-0 and P-107-S-0 under numbers B-181254(R0159) and B-181254(R0160) respectively. These clearances expire June 30, 1976.

NORMAN F. HEYL,

Regulatory Reports Review Officer.

[FR Doc.75-5711 Filed 3-3-75;8:45 am]

REGULATORY REPORTS REVIEW

Receipt of Report Proposals

The following request for clearance of a report intended for use in collecting information from the public was received by the Regulatory Reports Review Staff, GAO, on February 25, 1975. See 44 U.S.C. 3512(c) & (d). The purpose of publishing this notice in the *FEDERAL REGISTER* is to inform the public of such receipt.

The notice includes the title of the request received, the name of the agency sponsoring the proposed collection of information, the agency form number, and the frequency with which the information is proposed to be collected.

Written comments on the proposed FPC form are invited from all interested persons, organizations, public interest groups, and affected businesses. Because of the limited amount of time GAO has to review the proposed form, comments must be received on or before March 24, 1975, and should be addressed to Mr. Monte Canfield, Jr., Director, Office of Special Programs, United States General Accounting Office, 425 I Street, NW., Washington, D.C. 20548.

Further information about the FPC form may be obtained from the Regulatory Reports Review Officer, 202-376-5425.

FEDERAL POWER COMMISSION

The Federal Power Commission has adopted procedures and proposes to institute an annual company filing of uniform information on proved domestic natural gas reserves. Such information shall be collected from natural gas companies as defined in the Natural Gas Act (68 Stat. 36; 15 U.S.C. 717(c), et seq. (1970)). Relative to this proposed action, the Commission issued, on April 15, 1974, a Notice of Proposed Rulemaking in Docket No. RM74-16, 39 FR 14233 (1974). The information sought is to be filed in a new FPC report form, FPC Form No. 40, Natural Gas Companies—Annual Report of Proved Domestic Gas Reserves. The Report consists of four schedules: Schedule A—Summary of Company Owned Proved Domestic Dry Natural Gas Reserves—By Natural Gas Company; Schedule B—Proved Domestic Natural Gas Reserves By Natural Gas Company—Field and Reservoir; Sched-

ule C—Annual Changes In Domestic Proved Dry Natural Gas Reserves by Natural Gas Company, State, Sub-Region and District; and Schedule D—Annual Reserves Report Footnotes. Each person found by the Commission to be a "natural-gas company" within the meaning of the Natural Gas Act shall file annually Schedules A, B, C, and Schedule D as necessary. A Natural Gas Company which has year-end company-owned proved dry gas reserves of 10 billion cubic feet, or less, at 14.73 Psia and 60° Fahrenheit is not required to file Schedule B. For the first reporting year, all natural gas companies are exempted from filing Schedule C. The report for the calendar year ending December 31, 1974, shall be filed by July 1, 1975, and thereafter the report for each calendar year ending December 31 shall be filed by April 1 of the following year. It is expected that there will be up to 6,000 respondents, and that the estimated average number of man-hours required per field reported on will range from 2 to 20 for the first reporting year. Schedule A of Form 40 is to be put in the public reference files of the Commission. Schedules B, C, and D (where appropriate) will be held confidential.

NORMAN F. HEYL,

Regulatory Reports Review Officer.

[FR Doc.75-5712 Filed 3-3-75;8:45 am]

NATIONAL COMMISSION FOR THE REVIEW OF FEDERAL AND STATE LAWS RELATING TO WIRETAPPING AND ELECTRONIC SURVEILLANCE

Meeting

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463, 85 Stat. 770), notice hereby is given that the National Commission for the Review of Federal and State Laws Relating to Wiretapping and Electronic Surveillance, established under the authority of section 804 of Pub. L. 90-351, June 19, 1968, as amended by section 20 of Pub. L. 91-644, January 2, 1971, and as further amended by Pub. L. 93-609, will meet in Washington, D.C. at 9:30 a.m. on March 18, 19 and 20, 1975. The meetings will be held in the New Executive Office Building (17th and Pennsylvania Avenue) on March 18 in Room 2010 and the New Executive Office Building on March 19 in Room 2008 and the Rayburn Building on March 20 in Room 2168 (Gold Room).

The purpose of the meeting is to receive evidence and to hear testimony from the chief and assistant prosecutors of various metropolitan jurisdictions in New York, New Jersey, Pennsylvania and Connecticut, concerning the use of wiretapping and electronic surveillance in law enforcement, as authorized by applicable state statutes in conformity with Chapter 119 of Title 18, United States Code.

The meeting of the Commission will be open to the public, and interested persons are invited to attend. Under the rules of the Commission, copies of which

may be obtained from its offices, any person desiring to present any matter to the Commission shall request authorization therefor by filing a written request with the Offices of the Commission at 1875 Connecticut Avenue, NW., Washington, D.C. 20009, not later than seven days prior to the meeting. The request shall include a concise description of the material to be presented. Within three days of receipt of such a request, the Chairman will notify the requesting person of his decision on the request.

KENNETH J. HOBSON,

Executive Director.

[FR Doc.75-5675 Filed 3-3-75;10:09 am]

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

FEDERAL GRAPHICS EVALUATION

ADVISORY PANEL Meeting

Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that a meeting of the Federal Graphics Evaluation Advisory Panel to the National Council on the Arts will be held on March 21, 1975 from 9:15 a.m.-5:30 p.m. in room 1100, 806 15th Street, NW., Washington, D.C.

The purpose of this meeting is for evaluation of graphic material from the Justice Department. The meeting will be open to the public on a space available basis. Accommodations are limited. Further information can be obtained from Mrs. Luna Diamond, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-7144.

EDWARD M. WOLFE,

Administrative Officer, National Endowment for the Arts, National Foundation on the Arts and the Humanities.

[FR Doc.75-5608 Filed 3-3-75;8:45 am]

MUSEUM ADVISORY PANEL

Meeting

Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that a closed meeting of the Museum Advisory Panel to the National Council on the Arts will be held on March 24, 25, 1975 from 9 a.m.-5 p.m. at the Hirshhorn Museum, Washington, D.C.

This meeting is for the purpose of Panel review, discussion, evaluation, and recommendation on applications for financial assistance under the National Foundation on the Arts and the Humanities Act of 1965, as amended, including discussion of information given in confidence to the agency by grant applicants. In accordance with the determination of the Chairman published in the *FEDERAL REGISTER* of January 10, 1973, this meeting, which involves matters exempt from the requirements of public disclosure under the provisions of the Freedom of Information Act (5 U.S.C.

552(b) (4), (5)), will not be open to the public.

Further information with reference to this meeting can be obtained from Mrs. Luna Diamond, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-7144.

EDWARD M. WOLFE,
Administrative Officer, National
Endowment for the Arts,
National Foundation on the Arts
and the Humanities.

[FR Doc.75-5609 Filed 3-3-75;8:45 am]

SPECIAL PROJECTS ADVISORY PANEL Meeting

Pursuant to section 10(a) (2) of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that a closed meeting of the Special Projects Advisory Panel to the National Council on the Arts will be held on March 20, 21, 22, 23, 1975 from 9 a.m.-5:30 p.m. in the 14th floor conference room, Columbia Plaza Office Building, 2401 E Street, NW., Washington, D.C.

This meeting is for the purpose of Panel review, discussion, evaluation, and recommendation on applications for financial assistance under the National Foundation on the Arts and the Humanities Act of 1965, as amended, including discussion of information given in confidence to the agency by grant applicants. In accordance with the determination of the Chairman published in the FEDERAL REGISTER of January 10, 1973, this meeting, which involves matters exempt from the requirements of public disclosure under the provisions of the Freedom of Information Act (5 U.S.C. 552(b) (4), (5)), will not be open to the public.

Further information with reference to this meeting can be obtained from Mrs. Luna Diamond, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-7144.

EDWARD M. WOLFE,
Administrative Officer, National
Endowment for the Arts,
National Foundation on the Arts
and the Humanities.

[FR Doc.75-5610 Filed 3-3-75;8:45 am]

THEATRE ADVISORY PANEL

Meeting

Pursuant to section 10(a) (2) of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a closed meeting of the Theatre Advisory Panel to the National Council on the Arts will be held on March 29, 30, 1975 from 9 a.m.-5:30 p.m. in the 14th floor conference room, Columbia Plaza Office Building, 2401 E Street, NW., Washington, D.C.

This meeting is for the purpose of Panel review, discussion, evaluation, and recommendation on applications for financial assistance under the National Foundation on the Arts and the Human-

ities Act of 1965, as amended, including discussion of information given in confidence to the agency by grant applicants. In accordance with the determination of the Chairman published in the FEDERAL REGISTER of January 10, 1973, this meeting, which involves matters exempt from the requirements of public disclosure under the provisions of the Freedom of Information Act (5 U.S.C. 552(b) (4), (5)), will not be open to the public.

Further information with reference to this meeting can be obtained from Mrs. Luna Diamond, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-6110.

EDWARD M. WOLFE,
Administrative Officer, National
Endowment for the Arts,
National Foundation on the Arts
and the Humanities.

[FR Doc.75-5611 Filed 3-3-75;8:45 am]

THEATRE ADVISORY PANEL

Meeting

Pursuant to section 10(a) (2) of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that a closed meeting of the Theatre Advisory Panel to the National Council on the Arts will be held on April 21, 22, 1975 from 9 a.m.-5:30 p.m. in the Essex House, New York City.

This meeting is for the purpose of Panel review, discussion, evaluation, and recommendation on applications for financial assistance under the National Foundation on the Arts and the Humanities Act of 1965, as amended, including discussion of information given in confidence to the agency by grant applicants. In accordance with the determination of the Chairman published in the FEDERAL REGISTER of January 10, 1973, this meeting, which involves matters exempt from the requirements of public disclosure under the provisions of the Freedom of Information Act (5 U.S.C. 552(b) (4), (5)), will not be open to the public.

Further information with reference to this meeting can be obtained from Mrs. Luna Diamond, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-7144.

EDWARD M. WOLFE,
Administrative Officer, National
Endowment for the Arts,
National Foundation on the Arts
and the Humanities.

[FR Doc.75-5612 Filed 3-3-75;8:45 am]

PUBLIC PROGRAMS PANEL

Meeting

FEBRUARY 18, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Public Programs Panel will meet at Washington, D.C. on March 20 and 21, 1975.

The purpose of the meeting is to review Humanities Museums and Historical Organizations Grant proposals that have been submitted to the Endowment for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552(b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call Area Code 202-382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5677 Filed 3-3-75;8:45 am]

PUBLIC PROGRAMS PANEL

Meeting

JANUARY 28, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Public Programs Panel will meet at Washington, D.C. on March 27 and 28, 1975.

The purpose of the meeting is to review Humanities Media Grant proposals that have been submitted to the Endowment for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552(b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call Area Code 202-382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5678 Filed 3-3-75;8:45 am]

RESEARCH PANEL

Meeting

MARCH 3, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-

463) notice is hereby given that a meeting of the Research Panel will meet at Washington, D.C. on March 20-21, 1975.

The purpose of the meeting is to review research grant applications on General Research on History submitted to the National Endowment for the Humanities for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552 (b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call area code 202 382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5679 Filed 3-3-75;8:45 am]

RESEARCH PANEL

Meeting

MARCH 3, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Research Panel will meet at Washington, D.C. on March 24, 1975.

The purpose of the meeting is to review research grant applications on General Research on Literature and Language submitted to the National Endowment for the Humanities for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552 (b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call area code 202 382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5680 Filed 3-3-75;8:45 am]

RESEARCH PANEL

Meeting

MARCH 3, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Research Panel will meet at Washington, D.C. on March 25, 1975.

The purpose of the meeting is to review research grant applications on General Research on Social Science submitted to the National Endowment for the Humanities for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552(b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call area code 202 382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5681 Filed 3-3-75;8:45 am]

RESEARCH PANEL

Meeting

MARCH 3, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Research Panel will meet at Washington, D.C. on March 27-28, 1975.

The purpose of the meeting is to review research grant applications on Research Resources on History and Literature submitted to the National Endowment for the Humanities for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552(b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer,

Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call area code 202 382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5682 Filed 3-3-75;8:45 am]

RESEARCH PANEL

Meeting

MARCH 3, 1975.

Pursuant to the provisions of the Federal Advisory Committee Act (Pub. L. 92-463) notice is hereby given that a meeting of the Research Panel will meet at Washington, D.C. on March 31-April 1, 1975.

The purpose of the meeting is to review research grant applications on Research Resources on Linguistics, Social Science and Archives submitted to the National Endowment for the Humanities for possible grant funding.

Because the proposed meeting will consider financial information and personnel and similar files the disclosures of which would constitute a clearly unwarranted invasion of personal privacy, pursuant to authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings, dated August 13, 1973, I have determined that the meeting would fall within exemptions (4) and (6) of 5 U.S.C. 552(b) and that it is essential to close the meeting to protect the free exchange of internal views and to avoid interference with operation of the Committee.

It is suggested that those desiring more specific information contact the Advisory Committee Management Officer, Mr. John W. Jordan, 806 15th Street, NW., Washington, D.C. 20506, or call area code 202-382-2031.

JOHN W. JORDAN,
Advisory Committee
Management Officer.

[FR Doc.75-5683 Filed 3-3-75;8:45 am]

NUCLEAR REGULATORY COMMISSION

ADVISORY COMMITTEE ON REACTOR SAFEGUARDS

Meeting

In accordance with the purposes of sections 29 and 182b of the Atomic Energy Act (42 U.S.C. 2039, 2232b), the Advisory Committee on Reactor Safeguards Subcommittee on the Clinton Station, Units 1 and 2, will hold a meeting on March 19, 1975 in the Howard Johnson Motor Lodge, Box 387, Highway #45, Urbana, Illinois.

The purpose of the meeting will be to discuss the application by the Illinois Power Company for construction permits for the Clinton Station, Units 1 and 2.

The following constitutes that portion of the Subcommittee's agenda for the above meeting which will be open to the public:

WEDNESDAY, MARCH 19, 1975—11:30 A.M.
UNTIL THE CONCLUSION OF BUSINESS

The Subcommittee will hear presentations by representatives of the Nuclear Regulatory Commission Staff and the Illinois Power Company, and will hold discussions with these groups pertinent to its review of the application of the Illinois Power Company for permits to construct Clinton Station, Units 1 and 2.

In connection with the above agenda, the Subcommittee will hold executive sessions prior to, and at the close of the day's public session, which will involve a discussion of its preliminary views, an exchange of opinions of the Subcommittee members and internal deliberations and formulation of recommendations to the ACRS. In addition, the Subcommittee may hold a closed session with the NRC Staff and representatives of the Illinois Power Company to discuss privileged information relating to the proposed design features.

Have determined, in accordance with section 10(d) of Pub. L. 92-463, that the executive sessions at the beginning and end of the day's session will consist of an exchange of opinions and formulation of recommendations, the discussion of which, if written, would fall within exemption (5) of 5 U.S.C. 552(b) and that a closed session may be held, if necessary, to discuss certain documents and information which are privileged and fall within exemption (4) of 5 U.S.C. 552(b). Further, any non-exempt material that will be discussed during the above closed sessions will be inextricably intertwined with exempt material, and no further separation of this material is considered practical. It is essential to close such portions of the meeting to protect such privileged information and protect the free interchange of internal views and to avoid undue interference with agency or Committee operation.

Practical considerations may dictate alterations in the above agenda or schedule.

The Chairman of the Subcommittee is empowered to conduct the meeting in a manner that, in his judgment, will facilitate the orderly conduct of business, including provisions to carry over an interrupted open session from one day to the next.

With respect to public participation in the open portion of the meeting, the following requirements shall apply:

(a) Persons wishing to submit written statements regarding the agenda items may do so by mailing 25 copies thereof, postmarked no later than March 12, 1975, to the Executive Secretary, Advisory Committee on Reactor Safeguards, Nuclear Regulatory Commission, Washington, D.C. 20555. Such comments shall be based upon documents which are on file and available for public inspection at the Nuclear Regulatory Commission's Public Document Room, 1717 H Street, NW, Washington, D.C. 20555 and the Tompkins Warner Public Library, 120 W. Jackson Street, Clinton, Illinois 61727.

(b) Those persons submitting a written statement in accordance with paragraph (a) above may request an opportunity to make oral statements concerning the written statement. Such requests shall accompany the written statement and shall set forth

reasons justifying the need for such oral statement and its usefulness to the Subcommittee. To the extent that the time available for the meeting permits, the Subcommittee will receive oral statements during a period of no more than 30 minutes at an appropriate time, chosen by the Chairman of the Subcommittee, between the hours of 1:30 p.m. and 3:30 p.m. on March 19, 1975.

(c) Requests for the opportunity to make oral statements shall be ruled on by the Chairman of the Subcommittee who is empowered to apportion the time available among those selected by him to make oral statements.

(d) Information as to whether the meeting has been cancelled or rescheduled and in regard to the Chairman's ruling on requests for the opportunity to present oral statements, and the time allotted, can be obtained by a prepaid telephone call on March 17, 1975 to the Advisory Committee on Reactor Safeguards (telephone 202-634-1371) between 8:15 a.m. and 5 p.m., Eastern Time.

(e) Questions may be propounded only by members of the Subcommittee and its consultants.

(f) Seating for the public will be available on a first-come, first-served basis.

(g) The use of still, motion picture, and television cameras, the physical installation and presence of which will not interfere with the conduct of the meeting, will be permitted both before and after the meeting and during any recess. The use of such equipment will not, however, be allowed while the meeting is in session.

(h) Persons desiring to attend portions of the meeting where proprietary information other than plant security information is to be discussed may do so by providing to the Executive Secretary, Advisory Committee on Reactor Safeguards, 1717 H Street, NW, Washington, D.C. 20555, 7 days prior to the meeting, a copy of an executed agreement with the owner of the proprietary information to safeguard this material.

(i) A copy of the transcript of the open portions of the meeting will be available for inspection on or after March 25, 1975 at the Nuclear Regulatory Commission's Public Document Room, 1717 H Street, NW, Washington, D.C. 20555. Copies of the transcript may be reproduced in the Public Document Room or may be obtained from Ace Federal Reporters, Inc., 415 Second Street, NE, Washington, D.C. 20002 (telephone 202-547-6222) upon payment of appropriate charges.

(j) On request, copies of the minutes of the meeting will be made available for inspection at the Nuclear Regulatory Commission's Public Document Room, 1717 H Street, NW, Washington, D.C. 20555 after June 20, 1975. Copies may be obtained upon payment of appropriate charges.

JOHN C. HOYLE,
Acting Advisory Committee
Management Officer.

FEBRUARY 27, 1975.

[FR Doc. 75-5623 Filed 3-3-75; 8:45 am]

[Docket Nos. 50-440, 50-441]

CLEVELAND ELECTRIC ILLUMINATING CO. ET AL.

Order for Evidentiary Hearing

Before the Atomic Safety and Licensing board, In the matter of Cleveland Electric Illuminating Company, et al. (Perry Nuclear Power Plant, Units 1 and 2).

Please take notice, by agreement of the parties, approved by the Board and pursuant to the Joint Stipulation of the parties¹ with respect to the Order to Show Cause dated January 20, 1975 and several motions recently submitted in this proceeding, an evidentiary hearing thereon will be held on March 13, 1975 in Painesville, Ohio.

Any person wishing to make a limited appearance statement pursuant to § 2.715 will be permitted to do so on the first day of the evidentiary session, provided a request for same is submitted to the Board before the commencement of the evidentiary hearing.

The evidentiary hearing will commence at 9:30 a.m. local time at the Lake County Courthouse, Courtroom No. 3, Painesville, Ohio 44077.

Dated at Bethesda, Maryland, this 26th day of February 1975.

It is so ordered.

ATOMIC SAFETY AND LICENSING BOARD,
JOHN B. FARMAKIDES,
Chairman.

[FR Doc. 75-5619 Filed 3-3-75; 8:45 am]

[Docket Nos. 50-269, 50-270, and 50-287]

DUKE POWER CO.

Issuance of Amendments to Facility Operating Licenses

Notice is hereby given that the U.S. Nuclear Regulatory Commission (the Commission) has issued Amendments No. 7, 7, and 4 to Facility Operating Licenses No. DPR-38, DPR-47, and DPR-55, respectively, issued to Duke Power Company which revised Technical Specifications for operation of the Oconee Nuclear Station, Units 1, 2, and 3, located in Oconee County, South Carolina. The amendments are effective as of the date of issuance.

These amendments specify the number of pressure relief valves in the pressurizer and main steam line to be checked each surveillance period, a specification inadvertently omitted in a previous license amendment.

The application for the amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR Chapter I, which are set forth in the license amendments.

For further details with respect to this action, see (1) the application for amendments dated December 31, 1974, (2) Amendments No. 7, 7, and 4 to Licenses No. DPR-38, DPR-48, and DPR-55, with any attachments, and (3) the Commission's related Safety Evaluation. All of these items are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW.,

¹ Approved by Board in Prehearing Conference Order to be issued separately.

Washington, D.C. and at the Oconee County Library, 201 South Spring Street, Walhalla, South Carolina 29691.

A copy of items (2) and (3) may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Director, Division of Reactor Licensing.

Dated at Bethesda, Maryland, this 25th day of February 1975.

For the Nuclear Regulatory Commission.

ROBERT A. PURPLE,
Chief, Operating Reactors
Branch No. 1, Division of
Reactor Licensing.

[FR Doc.75-5621 Filed 3-3-75;8:45 am]

[Docket No. 50-382]

LOUISIANA POWER & LIGHT CO., WATERFORD STEAM ELECTRIC STATION, UNIT 3

Amendment to Construction Permit

Notice is hereby given that, pursuant to a Decision (ALAB-258) dated February 3, 1975, by the Atomic Safety and Licensing Appeal Board, the Nuclear Regulatory Commission has issued Amendment No. 1 to Construction Permit No. CPPR-103 issued to Louisiana Power & Light Company for construction of the Waterford Steam Electric Station, Unit 3, located in St. Charles Parish, Louisiana.

The amendment clarifies the conditions under which joint ownership in a nuclear generating plant must be offered to other entities by the permit holder.

A copy of the Decision dated February 3, 1975, Amendment No. 1 to Construction Permit No. CPPR-103, and other related documents are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW., Washington, D.C., and at the Boute Branch of the St. Charles Parish Library, St. Anthony Street, Luling, Louisiana 70070. Single copies of the Decision and Amendment No. 1 to CPPR-103 may be obtained by writing the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Director, Division of Reactor Licensing.

Dated at Bethesda, Maryland, this 25th day of February 1975.

For the Nuclear Regulatory Commission.

KARL KNIEL,
Chief, Light Water Reactors
Branch 2-2, Division of Reactor Licensing.

[FR Doc.75-5702 Filed 3-3-75;8:45 am]

[Docket Nos. STN 50-522 and STN 50-523]

PUGET SOUND POWER AND LIGHT CO. ET AL.

Availability of the Full Preliminary Safety Analysis Report

In the matter of Puget Sound Power and Light Co.; Pacific Power and Light Co.; The Washington Water Power Co.; Idaho Power Co. and Washington Public Power Supply System (Skagit Nuclear Power Project, Units 1 and 2).

Please take notice that the Puget Sound Power and Light Company has submitted to the Nuclear Regulatory Commission (the Commission) pursuant to section 103 of the Atomic Energy Act of 1954, as amended, and § 2.101 of 10 CFR Part 2, the full Preliminary Safety Analysis Report (PSAR) for a detailed review. Following a preliminary review for completeness, the PSAR, which was tendered on November 27, 1974, was found acceptable for a detailed review on January 7, 1975.

The PSAR relates to the proposed nuclear facilities designated as the Skagit Nuclear Power Project, Units 1 and 2, which are to be located in Skagit County, Washington, approximately 5 miles northeast of Sedro Woolley. Each unit is designed for initial operation at approximately 3800 megawatts (thermal), with a net electrical output of approximately 1300 megawatts.

A notice relating to the receipt of the application and the environmental report and certain site suitability information was published in the FEDERAL REGISTER on December 20, 1974 (39 FR 44064). A notice of hearing was also published in the FEDERAL REGISTER on December 20, 1974 (39 FR 44065). A deadline for filing of contentions related to the matter covered by the full PSAR will be established by the Atomic Safety and Licensing Board.

A copy of the full Preliminary Safety Analysis Report and other related documents are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW., Washington, D.C. 20555, and at the Sedro Woolley Library, 802 Ball Avenue, Sedro Woolley, Washington 98284.

Dated at Bethesda, Maryland, this 25th day of February, 1975.

For the Nuclear Regulatory Commission.

JOHN F. STOLZ,
Chief, Light Water Reactors
Project Branch 2-1, Division
of Reactor Licensing.

[FR Doc.75-5622 Filed 3-3-75;8:45 am]

REGULATORY GUIDES

Issuance and Availability

The Nuclear Regulatory Commission has issued four new guides in its Regulatory Guide Series. This series has been developed to describe and make available to the public methods acceptable to the NRC staff of implementing specific parts of the Commission's regulations, and, in some cases, to delineate techniques used by the staff in evaluating specific problems or postulated accidents and to provide guidance to applicants concerning certain of the information needed by the staff in its review of applications for permits and licenses.

Regulatory Guide 1.70.22, "Information for Safety Analysis Reports—Instrumentation and Controls;" Regulatory Guide 1.70.23, "Information for Safety Analysis Reports—Seismic Qualification of Instrumentation and Electrical Equipment;" Regulatory Guide 1.70.24, "Information for Safety Analysis Reports—Environmental Design of Mechanical and Electrical Equipment, Qualification Tests and Analyses;" and Regulatory Guide 1.70.25, "Information for Safety Analysis Reports—Inservice Inspection of ASME Code Class 2 and 3 Components," identify information that is needed in safety analysis reports at the construction permit and operating license stages of review.

These guides are four of a number being issued in the 1.70.X series to identify information that has often been missing from applicants' safety analysis reports or to present revisions necessary to make a portion of the "Standard Format and Content of Safety Analysis Reports for Nuclear Power Plants," Revision 1, October 1972 (Regulatory Guide 1.70), consistent with the appropriate Standard Review Plan. Standard Review Plans (SRPs) are being prepared by the NRC staff for the guidance of staff reviewers who perform the detailed safety review of applications to construct or operate nuclear power plants. A primary purpose of SRPs is to improve the quality and uniformity of staff reviews and to provide a well-defined base from which to evaluate proposed changes in the scope and requirements of reviews. A complete Revision 2 of the Standard Format incorporating the changes presented in this 1.70.X series will be issued following completion of publication of the SRPs.

Comments and suggestions in connection with improvements in all published guides are encouraged at any time. Public comments on Regulatory Guides

1.70.22, 1.70.23, 1.70.24, and 1.70.25 will, however, be particularly useful in developing the forthcoming revision of the Standard Format if received by May 1, 1975.

Comments should be sent to the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Docketing and Service Section.

Regulatory Guides are available for inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. Requests for single copies of issued guides (which may be reproduced) or for placement on an automatic distribution list for single copies of future guides should be made in writing to the Director, Office of Standards Development, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. Telephone requests cannot be accommodated. Regulatory Guides are not copyrighted and Commission approval is not required to reproduce them.

(5 U.S.C. 522(a))

Dated at Rockville, Maryland this 24th day of February 1975.

For the Nuclear Regulatory Commission.

ROBERT B. MINOGUE,
Acting Director, Office of
Standards Development.

[PR Doc.75-5703 Filed 3-3-75;8:45 am]

[Docket No. 50-285]

OMAHA PUBLIC POWER DISTRICT

Issuance of Amendment to Facility Operating License

The Nuclear Regulatory Commission (the Commission) is considering issuance of an amendment to Facility Operating License No. DPR-40 issued to the Omaha Public Power District, for operation of the Fort Calhoun Station Unit 1, located in Washington County, Nebraska.

The amendment would revise the provisions in the Technical Specifications pertaining to the methods of determining quadrant power tilt when the reactor is above 70 percent of power and one excor nuclear channel is out of service. The presently allowed method of determining power tilt by using core exit thermocouples would be replaced by the method of using the remaining excor nuclear channels in accordance with the licensee's application dated December 4, 1974.

Prior to issuance of the proposed license amendment, the Commission will have made the findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

By April 3, 1975, the licensee may file a request for a hearing and any person whose interest may be affected by this proceeding may file a request for a hearing in the form of a petition for leave to intervene with respect to the issuance of the amendment to the subject facility operating license. Petitions for leave to intervene must be filed under oath or affirmation in accordance with the provisions of § 2.714 of 10 CFR Part 2 of the Commission's regulations. A petition for leave to intervene must set forth the interest of the petitioner in the proceeding, and the petitioner's contention with respect to the proposed licensing action. Such petitions must be filed in accordance with the provisions of this FEDERAL REGISTER notice and § 2.714, and must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Docketing and Service Section, by the above date. A copy of the petition and/or request for a hearing should be sent to the Executive Legal Director, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, and to Hope Babcock, Esquire, LeBoeuf, Lamb, Leiby & MacRae, 1757 N Street NW., Washington, D.C. 20036, the attorney for the applicant.

A petition for leave to intervene must be accompanied by a supporting affidavit which identifies the specific aspect or aspects of the proceeding as to which intervention is desired and specifies with particularity the facts on which the petitioner relies as to both his interest and his contentions with regard to each aspect on which intervention is requested. Petitions stating contentions relating only to matters outside the Commission's jurisdiction will be denied.

All petitions will be acted upon by the Commission or licensing board, designated by the Commission or by the Chairman of the Atomic Safety and Licensing Board Panel. Timely petitions will be considered to determine whether a hearing should be noticed or another appropriate order issued regarding the disposition of the petitions.

In the event that a hearing is held and a person is permitted to intervene, he becomes a party to the proceeding and has a right to participate fully in the conduct of the hearing. For example, he may present evidence and examine and cross-examine witnesses.

For further details with respect to this action, see the application for amendment dated December 4, 1974, which is available for public inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. and at the Blair Public Library, 1665 Lincoln Street, Blair, Nebraska 68008. The license amendment and the Safety

Evaluation, when issued, may be inspected at the above locations and a copy may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Director, Division of Reactor Licensing.

Dated at Bethesda, Maryland, this 21st day of February, 1975.

For the Nuclear Regulatory Commission.

GEORGE LEAR,
Chief, Operating Reactors
Branch #3, Division of Re-
actor Licensing.

[PR Doc.75-5416 Filed 3-3-75;8:45 am]

[Docket No. 50-192]

UNIVERSITY OF TEXAS

Issuance of Amendment to Facility Operating License

The Nuclear Regulatory Commission (the Commission) is considering issuance of an amendment to Facility Operating License No. R-92 issued to The University of Texas ("the licensee") for operation of the TRIGA Mark III reactor, located in Austin, Texas.

The amendment would (1) authorize an increase in the steady state power level from 250 kWt to 500 kWt and (2) increase the maximum reactivity insertion for pulsed experiments.

Prior to issuance of the proposed license amendment, the Commission will have made the findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

By April 3, 1975, the licensee may file a request for a hearing and any person whose interest may be affected by this proceeding may file a request for a hearing in the form of a petition for leave to intervene with respect to the issuance of the amendment to the subject facility operating license. Petitions for leave to intervene must be filed under oath or affirmation in accordance with the provisions of § 2.714 of 10 CFR Part 2 of the Commission's regulations. A petition for leave to intervene must set forth the interest of the petitioner in the proceeding, how that interest may be affected by the results of the proceeding, and the petitioner's contentions with respect to the proposed licensing action. Such petitions must be filed in accordance with the provisions of this FEDERAL REGISTER notice and § 2.714, and must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Docketing and Service Section, by the above date. A copy of the petition and/or request for a hearing should be sent to the Executive

Legal Director, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555.

A petition for leave to intervene must be accompanied by a supporting affidavit which identifies the specific aspect or aspects of the proceeding as to which intervention is desired and specifies with particularity the facts on which the petitioner relies as to both his interest and his contentions with regard to each aspect on which intervention is requested. Petitions stating contentions relating only to matters outside the Commission's jurisdiction will be denied.

In the event that a hearing is held and a person is permitted to intervene, he becomes a party to the proceeding and has a right to participate fully in the conduct of the hearing. For example, he may present evidence and examine and cross-examine witnesses.

For further details with respect to this action, see the application for amendment dated January 14, 1974, which is available for public inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. The license amendment and the Safety Evaluation, when issued, may be inspected at the above location and a copy may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Director, Division of Reactor Licensing.

Dated at Bethesda, Maryland this 24th day of February 1975.

For the Nuclear Regulatory Commission.

GEORGE LEAR,
Chief, Operating Reactors
Branch #3 Division of Re-
actor Licensing.

[FR Doc.75-5417 Filed 3-3-75;8:45 am]

OFFICE OF MANAGEMENT AND BUDGET CLEARANCE REPORTS

List of Requests

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 27, 1975 (44 U.S.C. 3509). The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number(s), if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (X) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this daily list may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202-395-4529), or from the reviewer listed.

NEW FORMS

ACTION

Evaluation of the UYA and National Student Volunteer Programs, single-time, students, faculty, education administrators, Community and Veterans Affairs Division, 395-3532.

OVERSEAS PRIVATE INVESTMENT CORPORATION
To OPIC Mailing List—OPIC material you would like to receive, OPIC-64, on occasion, business firms, Lowry, R. L., 395-3772.

DEPARTMENT OF COMMERCE

Bureau of the Census:
Environmental Quality Control Agency Compilation Sheet, EQC 1, annually, large governments (Federal, State, and local), Weiner, N., 395-4890.

Forms for Evaluation of the Coverage of Mobile Homes and Trailers in the Special Census of San Bernardino County, SC-350, SC-351, and SC-352, single-time, households and owners of mobile home sales lots, Strasser, A., 395-3880.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Social Security Administration, Data Collection Instrument, To Support a Study of the N.J. Prospective Reimbursement Program, SSA-3108, single-time, hospitals, Human Resources Division, 395-3532.

Office of Education, Application for Domestic Mining and Mineral and Mineral Fuel Conservation Program, OE 405, annually, institutions of postsecondary education, Lowry, R. L., 395-3772.

REVISIONS

VETERANS ADMINISTRATION

Request for Change of Program or School (Veterans), 22-1995, on occasion, veteran students, Caywood, D. P., 395-3443.

EXTENSIONS

DEPARTMENT OF COMMERCE

Bureau of Domestic Commerce, Radial Ball Bearing 30 MM OD & Under, BDCF-899, quarterly, bearing manufacturers, Caywood, D. P., 395-3443.

DEPARTMENT OF LABOR

Manpower Administration, Report of Claims-Taking Activities, ES 210, weekly, State education offices, Strasser, A., 395-3880.

PHILIP D. LARSEN,
Budget and Management Officer.

[FR Doc.75-5813 Filed 3-3-75;8:45 am]

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION OWNERS AND TENANTS ADVISORY BOARD Meeting

Pursuant to the provisions of section 10 of Pub. L. 92-463, effective January 5, 1973, notice is hereby given that a meeting of the Owners and Tenants Ad-

visory Board will be held on Wednesday, March 19, 1975 at 2 p.m.

The meeting will be held in the conference room of the Pennsylvania Avenue Development Corporation, Suite 1148, at the Pennsylvania Building, 425 13th Street, Northwest, Washington, D.C.

The purpose of the meeting will be to discuss the Congressional review of the Pennsylvania Avenue Plan.

The meeting will be open to the public to the extent that space and facilities will permit.

For further information call Ms. Katharine Gresham, Urban Planner, Pennsylvania Avenue Development Corporation, Washington, D.C. Area code 202/343-9423.

DAVID W. BRIGGS,
Legal Assistant to
the General Counsel.

[FR Doc.75-5628 Filed 3-3-75;8:45 am]

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. 8686]

AURORA EQUITY FUND, INC.

Filing of Application for an Order Declaring that Company Has Ceased To Be an Investment Company

FEBRUARY 25, 1975.

Notice is hereby given that Aurora Equity Fund, Inc., 30 Wall Street, New York, New York 10005 ("Applicant"), registered under the Investment Company Act of 1940 ("Act") as an open-end, nondiversified management investment company, filed an application on December 26, 1974, and an amendment on January 23, 1975, pursuant to section 8(b) of the Act for an order of the Commission declaring that Applicant has ceased to be an investment company as defined in the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

At a meeting held on August 2, 1974, Applicant's Board of Directors adopted a resolution favoring a proposal to dissolve Applicant and wind up its business, and on November 12, 1974, the holder of a majority of Applicant's outstanding stock consented to the dissolution and liquidation of Applicant in accordance with the General Corporation Law of the State of Delaware. Notice of dissolution was then given to the remaining shareholders, and on December 16, 1974, a Certificate of Dissolution was filed with the Secretary of State of Delaware. Applicant no longer continues the business for which it was organized, but rather intends that its existence shall be terminated subject to final settlement of its affairs pursuant to the General Corporation Law of the State of Delaware.

Applicant has distributed, or made provision for distribution to its shareholders, all of its assets except for the

sum of \$7,000, representing a reserve established for the purpose of meeting the expenses of dissolution and winding up. Any assets remaining after payment of all such expenses will be distributed pro rata to shareholders of record of Applicant as of August 2, 1974. Any expense in excess of \$7,000 will be borne by Applicant's investment adviser, Brokaw, Schaefer, Clancy Management Co., Inc. Section 8(f) of the Act provides, in pertinent part, that when the Commission, upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order, and upon the taking effect of such order the registration of such company shall cease to be in effect.

Notice is further given that any interested person may, not later than March 24, 1975, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his interest, the reason for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail (air mail if the person being served is located more than 500 miles from the point of mailing) upon Applicant at the address stated above. Proof of such service (by affidavit, or in case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0-5 of the rules and regulations promulgated under the Act, an order disposing of the application will be issued as of course following March 24, 1975, unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management Regulation, pursuant to delegated authority.

[SEAL] SHIRLEY E. HOLLIS,
Assistant Secretary.
[FR Doc.75-5686 Filed 3-3-75;8:45 am]

[File No. 500-1]

EQUITY FUNDING CORPORATION OF AMERICA

Suspension of Trading

FEBRUARY 25, 1975.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock, warrants to purchase the stock, 9½ percent debentures due 1990, 5½ percent convertible subordinated debentures

due 1991, and all other securities of Equity Funding Corporation of America being traded otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

Therefore, pursuant to section 15(c) (5) of the Securities Exchange Act of 1934, trading in such securities otherwise than on a national securities exchange is suspended, for the period from February 26, 1975 through March 7, 1975.

By the Commission.

[SEAL] SHIRLEY E. HOLLIS,
Assistant Secretary.
[FR Doc.75-5684 Filed 3-3-75;8:45 am]

[File No. 500-1]

INDUSTRIES INTERNATIONAL, INC.

Suspension of Trading

FEBRUARY 25, 1975.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock of Industries International, Inc., being traded otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

Therefore, pursuant to section 15(c) (5) of the Securities Exchange Act of 1934, trading in such securities otherwise than on a national securities exchange is suspended, for the period from February 26, 1975 through March 7, 1975.

By the Commission.

[SEAL] SHIRLEY E. HOLLIS,
Assistant Secretary.
[FR Doc.75-5685 Filed 3-3-75;8:45 am]

[File No. 500-1]

WESTGATE CALIFORNIA CORPORATION

Suspension of Trading

FEBRUARY 25, 1975.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock (class A and B), the cumulative preferred stock (5 percent and 6 percent), the 6 percent subordinated debentures due 1979 and the 6½ percent convertible subordinated debentures due 1987 being traded otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

Therefore, pursuant to section 15(c) (5) of the Securities Exchange Act of 1934, trading in such securities otherwise than on a national securities exchange is suspended, for the period from February 26, 1975 through March 7, 1975.

By the Commission.

[SEAL] SHIRLEY E. HOLLIS,
Assistant Secretary.
[FR Doc.75-5686 Filed 3-3-75;8:45 am]

[File No. 500-1]

ZENITH DEVELOPMENT CORP.

Suspension of Trading

FEBRUARY 25, 1975.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock of Zenith Development Corporation being traded otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

Therefore, pursuant to section 15(c) (5) of the Securities Exchange Act of 1934, trading in such securities otherwise than on a national securities exchange is suspended, for the period from February 26, 1975 through March 7, 1975.

By the Commission.

[SEAL] SHIRLEY E. HOLLIS,
Assistant Secretary.
[FR Doc.75-5687 Filed 3-3-75;8:45 am]

U.S. RAILWAY ASSOCIATION

PRELIMINARY SYSTEM PLAN

Invitation for Comments

The preliminary system plan, published in this issue of the FEDERAL REGISTER, has been prepared by the United States Railway Association ("Association") on the basis of reports and other information submitted to it by the Secretary of Transportation, the Rail Systems Planning Office of the Interstate Commerce Commission, ("RSPO") and interested persons in accordance with the Regional Rail Reorganization Act of 1973 (Pub. L. 93-236, 87 Stat. 985, 45 USC 701, et seq.), and on the basis of its own investigations, consultations, research, evaluation, and analysis pursuant to that Act.

On or before July 26, 1975, the Association will adopt and submit to the Congress a final system plan, reflecting an evaluation of all responses received from interested persons, testimony at public hearings to be conducted by the RSPO, and the results of its own additional study and review.

The Association invites all interested persons to submit comments on the preliminary system plan, for consideration by the Association, in connection with its preparation of the final system plan. In order to be so considered, comments must be submitted by April 27, 1975; they should be addressed to the PSP Comment Office, United States Railway Association, 2nd St. SW., Washington, D.C. 20595, and should identify, by Chapter and page references, the portions of the preliminary system plan to which the comment is addressed.

Dated at Washington, D.C., this 26th day of February, 1975.

EDWARD G. JOHNSON,
President, United States
Railway Association.

[FR Doc.75-5934 Filed 3-3-75;1:38 pm]

INTERSTATE COMMERCE COMMISSION

[Notice No. 711]

ASSIGNMENT OF HEARINGS

FEBRUARY 27, 1975.

Cases assigned for hearing, postponement, cancellation or oral argument appear below and will be published only once. This list contains prospective assignments only and does not include cases previously assigned hearing dates. The hearings will be on the issues as presently reflected in the Official Docket of the Commission. An attempt will be made to publish notices of cancellation of hearings as promptly as possible, but interested parties should take appropriate steps to insure that they are notified of cancellation or postponements of hearings in which they are interested. No amendments will be entertained after the date of this publication.

MC 135732 Sub 7, Aubrey Freight Lines, Inc., now assigned March 17, 1975 at New York City, New York, will be held in Room E-2222, 26 Federal Plaza.

MC 136032 Sub 2, Texas Continental Express, Inc., now assigned March 20, 1975, at New York City, New York, will be held in Room E-2222, 26 Federal Plaza.

MC 140036, Winters Trucking, Inc., now assigned March 21, 1975, at New York City, New York, will be held in Room E-2222, 26 Federal Plaza.

MC 59264 Sub 59, Smith and Solomon Trucking Company, MC 91811 Sub 13, Milton K. Morris, Inc., now assigned March 18, 1975, at New York City, New York, will be held in Room E-2222, 26 Federal Plaza.

MC 13900 Sub 18, Midwest Haulers, Inc., now being assigned April 21, 1975, at the offices of the Interstate Commerce Commission, Washington, D.C.

No. AB-71, Baltimore and Annapolis Railroad Company Abandonment of Operations Between Clifford Junction, Baltimore City and Annapolis, in Baltimore and Anne Arundel Counties, Maryland, now assigned April 16, 1975 at Baltimore, Maryland; will be held in Room G30, George H. Fallon Federal Building, 31 Hopkins Plaza.

No. 36056, Oklahoma Intrastate Freight Rates and Charges—1974, now assigned April 1, 1975, at Oklahoma City, Okla., is postponed to April 3, 1975, at Oklahoma City, Okla., in a hearing room to be later designated.

No. 36090, General Environment Corporation—Petition for Declaratory Order—Applicability of Tariff Provisions, now assigned March 20, 1975, at Dallas, Tex., is postponed indefinitely.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.75-5716 Filed 3-3-75;8:45 am]

[Notice No. 22]

MOTOR CARRIER TEMPORARY AUTHORITY APPLICATIONS

Important Notice

FEBRUARY 25, 1975.

The following are notices of filing of application, except as otherwise specifically noted, each applicant states that there will be no significant effect on the quality of the human environment resulting from approval of its application, for temporary authority under section

210a(a) of the Interstate Commerce Act provided for under the new rules of Ex Parte No. MC-67, (49 CFR 1131) published in the FEDERAL REGISTER, issue of April 27, 1965, effective July 1, 1965. These rules provide that protests to the granting of an application must be filed with the field official named in the FEDERAL REGISTER publication, within 15 calendar days after the date of notice of the filing of the application is published in the FEDERAL REGISTER. One copy of such protests must be served on the applicant, or its authorized representative, if any, and the protests must certify that such service has been made. The protests must be specific as to the service which such protestant can and will offer, and must consist of a signed original and six (6) copies.

A copy of the application is on file, and can be examined at the Office of the Secretary, Interstate Commerce Commission, Washington, D.C., and also in field office to which protests are to be transmitted.

No. MC 6078 (Sub-No. 79TA), filed February 12, 1975. Applicant: D. F. BAST, INC., P.O. Box 2288, Allentown, Pa. 18001. Applicant's representative: Bert Collins, Suite 6193, 5 World Trade Center, New York, N.Y. 10048. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Structural and fabricated steel*, from Allentown, Pa., to Norfolk, Va., for 180 days. Supporting shipper: Walter C. Heiser, Traffic Mfg., Lehigh Structural Steel Co., 1 Allen Street, Allentown, Pa. Send protests to: F. W. Doyle, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 600 Arch St., Room 3238, Philadelphia, Pa. 19106.

No. MC 22195 (Sub-No. 161TA), filed February 18, 1975. Applicant: DAN DUGAN TRANSPORT COMPANY, 41st & Grange Avenue, Sioux Falls, S. Dak. 57105. Applicant's representative: Fred Fischer (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Anhydrous ammonia*, in bulk, in tank vehicles, from points in Polk, Red Lake, Pennington, and Marshall Counties, Minn., to points in North Dakota and South Dakota, for 180 days. Supporting shipper: Poly Phos Processing Company, P.O. Box 444, Grand Forks, N. Dak. 58201. Send protests to: J. L. Hammond, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 369, Federal Bldg., Pierre, S. Dak. 57501.

No. MC 100666 (Sub-No. 293TA), filed February 14, 1975. Applicant: MELTON TRUCK LINES, INC., P.O. Box 7666, Shreveport, La. 71107. Applicant's representative: Wilburn L. Williamson, 280 National Foundation Life Bldg., 3535 N.W. 58th Street, Oklahoma City, Okla. 73112. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Cross-ties*, from Alexandria, La., to points in Coconino County, Ariz., for 180 days. Supporting shipper: Dura-Wood Treat-

ing Company, A Division of Roy O. Martin Lumber Company, P.O. Box 1119, Alexandria, La. 71301. Send protests to: Ray C. Armstrong, Jr., District Supervisor, Bureau of Operations, Interstate Commerce Commission, T-9036 US Postal Service Bldg., 701 Loyola Ave., New Orleans, La. 70113.

No. MC 106398 (Sub-No. 734TA), filed February 12, 1975. Applicant: NATIONAL TRAILER CONVOY, INC., 525 S. Main, Tulsa, Okla. 74103. Applicant's representative: Irvin Tull (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Portable animal shelters*, from the plant-site of Advance Design Modules, Inc., Auburndale, Wis., to points in Iowa, Nebraska, Illinois, and Minnesota, for 180 days. Supporting shipper: Gary Thompson, General Mfg., Advance Design Modules, Inc., P.O. Box 176, Auburndale, Wis. 54412. Send protests to: C. L. Phillips, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 240-Old P.O. Bldg., 215 NW Third, Oklahoma City, Okla. 73102.

No. MC 107496 (Sub-No. 990TA), filed February 14, 1975. Applicant: RUAN TRANSPORT CORPORATION, Third and Keosauqua Way, Des Moines, Iowa 50309. Applicant's representative: E. Check (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Anhydrous ammonia*, in bulk, in tank vehicles, from Kingsbury, Ind., to points in New York and Connecticut and (2) *chemicals*, in bulk, in tank vehicles, from Kingsbury, Ind., to points in Michigan, Illinois, Indiana, Iowa, Ohio, Wisconsin, and Kentucky, for 180 days. Supporting shippers: Midwest Ammonia Corporation, 600 West 41st Street, Chicago, Ill. 60609. Fischer-Calo Chemical & Solvents Corporation, 600 West 41st Street, Chicago, Ill. 60609. Send protests to: Herbert W. Allen, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 875 Federal Bldg., Des Moines, Iowa 50309.

No. MC 109689 (Sub-No. 283TA), filed February 18, 1975. Applicant: W. E. HATCH CO., 643 South 800 West, Wood Cross, Utah 83087. Applicant's representative: Mark K. Boyle, 345 South State St., Salt Lake City, Utah 84111. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Liquid asphalt*, in bulk, in tank vehicles, from points in California, to North Salt Lake, Utah and points within 5 miles thereof, for 180 days. Supporting shipper: Utah Emulsions Company, P.O. Box 248, North Salt Lake, Utah 84054. Send protests to: Lyle D. Helfer, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 125 South State St., Salt Lake City, Utah 84138.

No. MC 111045 (Sub-No. 122TA), filed February 12, 1975. Applicant: REDWING CARRIERS, INC., P.O. Box 426, Tampa, Fla. 33601. Applicant's representative: J. V. McCoy (same address as applicant). Authority sought to operate

as a common carrier, by motor vehicle, over irregular routes, transporting: *Dry sand*, in bulk, in tank vehicles, from Plant City, Fla., to Montgomery, Ala., for 180 days. Supporting shipper: Brockway Glass Co., Inc., P.O. Box 8038, Montgomery, Ala. 36110. Send protests to: Joseph B. Telchert, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Palm Coast II Bldg., Suite 208, 5255 NW, 87th Avenue, Miami, Fla. 33178.

No. MC 111401 (Sub-No. 441TA), filed February 18, 1975. Applicant: GROEN-DYKE TRANSPORT, INC., 2510 Rock Island Blvd., P.O. Box 632, Enid, Okla. 73701. Applicant's representative: Victor R. Comstock (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Phenol* (Carbolic Acid), in bulk, in tank vehicles, from Tuscaloosa, Ala., to Brownsville, Tex., for export into Mexico. Shipments are in foreign commerce, for 180 days. Supporting shipper: Copechim America, Inc., Richard C. Mustelak, Chem., Mktg., Mr. One Allen Center, Suite 2510, Houston, Tex. 77002. Send protests to: C. L. Phillips, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 240, Old Post Office Bldg., 215 NW, Third, Oklahoma City, Okla. 73102.

No. MC 111401 (Sub-No. 442TA), filed February 19, 1975. Applicant: GROEN-DYKE TRANSPORT, INC., P.O. Box 632, Enid, Okla. 73701. Applicant's representative: Victor R. Comstock (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Chemicals*, in bulk, in tank vehicles, from the facilities of Nalco Chemical Company, at or near Garyville, La., to points in the United States (except Alabama, Alaska, Arkansas, Florida, Georgia, Hawaii, Louisiana, Mississippi, Oklahoma, Tennessee and Texas), for 180 days. Supporting shipper: Nalco Chemical Company, James E. Carr, Corporate T. M., 2901 Butterfield Road, Oak Brook, Ill. 60521. Send protests to: C. L. Phillips, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 240, Old P.O. Bldg., 215 NW, Third, Oklahoma City, Okla. 73102.

No. MC 115691 (Sub-No. 32TA), filed February 19, 1975. Applicant: MURPHY TRANSPORTATION, INC., 1414 Crawford Ave., Anniston, Ala. 36201. Applicant's representative: John P. Carlton, 903 Frank Nelson Bldg., Birmingham, Ala. 35203. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Treated and untreated lumber and treated and untreated posts*, from the plant sites of Pulco Lumber Company, Inc. at or near Haleyville, Ala., Fox Lumber Company, Inc., at or near Centerville, Ala., and Cottondale Wood Products Company, Ltd., at or near Tuscaloosa, Ala., to points in Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana,

Maryland, Michigan, Mississippi, Missouri, Ohio, Oklahoma, Pennsylvania, Tennessee, and West Virginia, for 180 days. Supporting shippers: Pulco Lumber Company, Inc., P.O. Box 672, Haleyville, Ala. 35565. Fox Lumber Company, Centerville, Ala. 35042. Cottondale Wood Products, Inc., Tuscaloosa, Ala. 35401. Send protests to: Clifford W. White, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 1616, 2121 Bldg., Birmingham, Ala. 35203.

No. MC 116077 (Sub-No. 362TA), filed February 18, 1975. Applicant: ROBERTSON TANK LINES, INC., 2000 West Loop South, Suite 1800, Houston, Tex. 77027. Applicant's representative: J. C. Browder (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Liquid sulphur trioxide*, in bulk, in tank vehicles, from Houston, Tex., to points in Ohio, Michigan, Illinois, Georgia, New Jersey, Pennsylvania, and Washington, for 180 days. Supporting shipper: Stauffer Chemical Company, Westport, Conn. Send protests to: John F. Mensing, District Supervisor, Bureau of Operations, 515 Rusk, 8610 Federal Bldg., Houston, Tex. 77002.

No. MC 118159 (Sub-No. 157TA), filed February 18, 1975. Applicant: NATIONAL REFRIGERATED TRANSPORT, INC., 1931 N. Sheridan Road, Tulsa, Okla. 74151. Applicant's representative: Neil A. DuJardin, P.O. Box 2298, Green Bay, Wis. 54306. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Cheese*, from the plant site and facilities of L. D. Schreiber Cheese Co., Logan, Utah to Denver, Colo., Dallas and Ft. Worth, Tex., Chicago, Ill., Toledo, Dayton and Cleveland, Ohio; Atlanta, Ga., Rocky Mount, N.C., Greenville, S.C., Baltimore, Md., Oklahoma City, Okla., and to points within a 50-mile radius of the above-named points, for 180 days. Supporting shipper: L. D. Schreiber Cheese Co., Inc., Robert Buchberger, G.T.M., 1607 Main Street, Green Bay, Wis. 54302. Send protests to: C. L. Phillips, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 240, Old P.O. Bldg., 215 NW, Third, Oklahoma City, Okla. 73102.

No. MC 118402 (Sub-No. 5TA), filed February 18, 1975. Applicant: HILLSIDE MOTOR LINES, INC., 321 Indian River Road, Orange, Conn. 06477. Applicant's representative: Thomas W. Murrett, 342 North Main Street, West Hartford, Conn. 06117. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Bananas*, from points in the New York, N.Y. Commercial Zone, to Ipswich, Mass., for 180 days. Supporting shipper: Yell-O-Glow Banana Corp., Mitchell Road, Ipswich, Mass. 01938. Send protests to: James D. Perry, Jr., District Supervisor, Bureau of Operations, Interstate Commerce Commission, 135 High St., Room 324, Hartford, Conn. 06101.

No. MC 124212 (Sub-No. 82TA), filed February 12, 1975. Applicant: MITCHELL TRANSPORT, INC., 6500 Pearl Road, P.O. Box 30248, Cleveland, Ohio 44130. Applicant's representative: J. A. Kundtz, 1100 National City Bank Bldg., Cleveland, Ohio 44114. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Liquid oxygen*, in bulk, in shipper-owned cryogenic trailers, from the plant sites of Airco, Inc., at Butler and Natrona, Penn., Buffalo, N.Y., and the plant site of Air Products at Creighton, Penn., to points in Kentucky, Ohio, West Virginia, points in Pennsylvania on and west of U.S. Highway 15, Blacksburg and Pulaski, Va., and Bristol and Kingsport, Tenn., *Liquid argon*, in bulk, in shipper-owned cryogenic trailers, from the plant sites of Airco, Inc., at Butler, Penn., and Warren, Ohio, to points in Indiana, Kentucky, Ohio, West Virginia, and the Lower Peninsula of Michigan, points in New York on and west of Interstate Highway 81, points in Pennsylvania on and west of U.S. Highway 15, and Oak Ridge, Tenn., for 180 days. Supporting shipper: Airco Industrial Gases, Division of Airco, Inc., 650 Smithfield St., Suite 620, Pittsburgh, Pa. 15222. Send protests to: James Johnson, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 181 Federal Office Bldg., 1240 East Ninth St., Cleveland, Ohio 44199.

No. MC 128375 (Sub-No. 129TA), filed February 18, 1975. Applicant: CRETE CARRIER CORPORATION, P.O. Box 81228, Lincoln, Nebr. 68501. Applicant's representative: Ken Adams (same address as applicant). Authority sought to operate as a contract carrier, by motor vehicle, over irregular routes, transporting: *Motor vehicle parts, equipment, and accessories*, (1) from Atlanta, Ga., and its Commercial Zone to points in Florida, North Carolina, South Carolina, Alabama, Mississippi, and Louisiana; (2) from North Kansas City, Mo., and its Commercial Zone to points in Colorado, Utah, Montana, Nebraska, Iowa, Kansas, and Wyoming; (3) from Dallas, Tex., and its Commercial Zone to all points in New Mexico and Oklahoma; (4) from Columbus, Ohio and its Commercial Zone to points in Michigan and Indiana; (5) from Bensenville, Ill., and its Commercial Zone to Iowa, Minnesota, Wisconsin, South Dakota, North Dakota, and Michigan; (6) from Leetsdale, Pa., and its Commercial Zone to points in Maryland, New York, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine. Restriction: (A) To traffic moving from facilities of the Maremont Corporation under a continuing contract with the Maremont Corporation. (B) To traffic having a prior movement inbound to said origins by Contract or Private carriage from Maremont plants or facilities located at Ripley, Nashville, Pulaski, or Loudon, Tenn. (C) Restricted to shipments stopped to both: partially load and partially unload at the named origins.

and moving in conjunction with service already authorized to be performed by applicant for 180 days. Supporting shipper: Arthur L. Comeau, General Traffic Mfg., Maremont Corporation, 168 North Michigan Avenue, Chicago, Ill. 60601. Send protests to: Max H. Johnston, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 320 Federal Bldg., Court House, Lincoln, Nebr. 68508.

No. MC 129480 (Sub-No. 18 TA), filed February 12, 1975. Applicant: TRI-LINE EXPRESSWAYS, LTD., 550 71 Avenue SE., Calgary, Alberta, Canada T2H 0S6. Applicant's representative: Edward T. Lyons, Jr., 1600 Lincoln Center Bldg., 1600 Lincoln Street, Denver, Colo. 80203. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Sodium bicarbonate*, from the plantsite and storage facilities of Church & Dwight Co., Inc., in Sweetwater County, Wyo., to ports of Entry on the International Boundary, between the United States and Canada, located in Montana, restricted to the transportation of traffic moving in foreign commerce to points in the Province of Alberta, Canada, for 180 days. Supporting shipper: Church & Dwight Co., Inc., 1416-1446 Willis Avenue, Syracuse, N.Y. 13201. Send protests to: Paul J. Labane, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 222, U.S. Post Office Bldg., Billings, Mont. 59101.

No. MC 136485 (Sub-No. 6TA), filed February 18, 1975. Applicant: WALDORF TRANSPORTATION CO., INC., P.O. Box 353, Waldorf, Md. 20601. Applicant's representative: Daniel B. Johnson, 1123 Munsey Bldg., 1329 E. Street NW., Washington, D.C. 20004. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Fence, fence fittings and accessories, and materials, supplies, and equipment* used in the manufacture of fence and accessories, and reinforcing wire mesh, and materials, supplies and equipment used in the manufacture of reinforcing wire mesh (except in bulk), between the plantsite, warehouse and storage facilities of National Fence Manufacturing Co., Inc. at Bladensburg, Md., on the one hand, and, on the other, points in Louisiana, Arkansas, Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, and the District of Columbia. Restriction: The operations authorized herein are limited to a transportation service to be performed under a continuing contract, or contracts with National Fence Manufacturing Company, Inc., Bladensburg, Md., for 180 days. Supporting shipper: National Fence Manufacturing Co., Inc., 4301 46th Street, Bladensburg, Md. 20710. Send protests to: W. C. Hersman, Dis-

trict Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 317, 12th & Constitution Ave. NW., Washington, D.C. 20432.

No. MC 139693 (Sub-No. 1TA), filed February 10, 1975. Applicant: BONNIE LEASING, INC., P.O. Box 13, R.R. #4, Loogootee, Ind. 47553. Applicant representative: Walter F. Jones, Jr., 601 Chamber of Commerce Bldg., Indianapolis, Ind. 46204. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Beer, Ale and Empty Containers*, between Detroit, Mich., Cincinnati, Ohio, Newport, Ky., Peoria, Ill., St. Louis, Mo., Milwaukee, Wis., on the one hand, and, on the other, Linton, French Lick, Loogootee, and Edinburg, Ind., for 180 days. Supporting shippers: Orange County Beverage Co., Inc., 112-114 Wells Ave., French Lick, Ind. Linton Beer Sales, Inc., 317 S. Main St., P.O. Box 49, Linton, Ind. Johnson County Beverage, Inc., 111 E. Center Cross St., Edinburg, Ind. Loogootee-Shoals, Beverage Co., Inc., P.O. Box 135, Loogootee, Ind. Send protests to: James W. Habermehl, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 802 Century Bldg., 36 S. Penn. St., Indianapolis, Ind. 46204.

No. MC 140563 (Sub-No. 3TA), filed February 10, 1975. Applicant: W. T. MYLES TRANSPORTATION COMPANY, P.O. Box 321, Conley, Ga. 30027. Applicant's representative: Archie B. Culbreth, Suite 246, 1252 West Peachtree St. NW., Atlanta, Ga. 30309. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Newspaper supplements, and advertising matter*, when moving in the same vehicle with newspaper supplements, from the plantsites and warehouse facilities of Treasure Chest Advertising Company, Inc., located at or near Dallas, Tex., Hartford, Conn., Itasca, Ill., Morrow, Ga., and Windsor Locks, Conn., to points in that part of the United States in and east of Minnesota, Nebraska, Iowa, Kansas, Oklahoma, and Texas, (2) *Newsprint paper*, between the plantsites and warehouse facilities of Treasure Chest Advertising Company, Inc., located at or near Dallas, Tex., Hartford, Conn., Itasca, Ill., Morrow, Ga., and Windsor Locks, Conn., when moving in the same vehicle with newspaper supplements moving under (1) above, for 180 days. Supporting shipper: Treasure Chest Advertising Company, Inc., 1259 Morrow Industrial Blvd., Morrow, Ga. 30260. Send protests to: William L. Scroggs, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 1252 West Peachtree St. NW., Room 546, Atlanta, Ga. 30309.

No. MC 140594 (Sub-No. 1TA), filed February 14, 1975. Applicant: ALBERT BELSTRA, doing business as BELSTRA TRUCKING, R.R. 3, Box 258, Demotte, Ind. 46310. Applicant's representative: David Cohen, 3701 Main St., East Chicago, Ind. 46312. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transport-

ing: *Agricultural machinery, implements and parts*, from Clay Center, Kans., Lincoln, Kans., Fremont, Nebr., Sioux Falls, S. Dak., and Demotte, Ind., to points in Indiana, Illinois, Michigan, Ohio, Wisconsin, and Missouri, for 180 days. Supporting shipper: De Young & Sons Farm Equipment, Inc., Demotte, Ind. 46310. Send protests to: J. H. Gray, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 345 W. Wayne, Room 204, Ft. Wayne, Ind.

No. MC 140631 (Sub-No. 1TA), filed February 18, 1975. Applicant: ROBERT W. LADEHOFF, doing business as LADEHOFF'S, P.O. Box 51, Morse Bluff, Nebr. 68648. Applicant's representative: Robert W. Ladehoff (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Dried distillers grains*, from the facilities of Grain Processing Corporation, at or near Muscatine, Iowa to the facilities of Flavorland Industries, Inc., at or near Mead, Nebr., for 180 days. Supporting shipper: Flavorland Industries, 10050 Regency Circle, Omaha, Nebr. 68114. Send protests to: Carroll Russell, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Suite 620, Union Pacific Plaza, 110 North 14th St., Omaha, Nebr. 68102.

No. MC 140632 (Sub-No. 1TA), filed February 20, 1975. Applicant: CHARCOAL TRANSPORTS, INC., P.O. Box 166, Paris, Ark. 72855. Applicant's representative: Dale Woodall, 900 Memphis Bank Bldg., Memphis, Tenn. 38103. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Charcoal and charcoal briquettes*, from Paris, Ark., and Jacksonville, Tex., to all points in the United States (except Alaska and Hawaii), and *materials used in the manufacture of charcoal and charcoal briquettes*, on return, for 180 days. Supporting shippers: Arkansas Charcoal, Inc., P.O. Box 166, Paris, Ark. 72855. Campfire Charcoal, Inc., P.O. Box 1389, Jacksonville, Tex. 75766. Send protests to: William H. Land, Jr., District Supervisor, Bureau of Operations, Interstate Commerce Commission, 2519 Federal Office Bldg., 700 West Capitol, Little Rock, Ark. 72201.

No. MC 140660 (Sub-No. 1TA), filed February 18, 1975. Applicant: DONALD W. COLE, Route #1, Winthrop, Minn. 55396. Applicant's representative: Bradford E. Kistler, P.O. Box 82028, Lincoln, Nebr. 68501. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Liquid fertilizer solutions*, in bulk, in tank vehicles, from the plantsite and facilities on NaChurs Plant Food Co., located at or near Red Oak, Iowa to points in Minnesota, South Dakota, Nebraska, North Dakota, Kansas, Missouri, and Wisconsin, for 180 days. Supporting shipper: NaChurs Plant Food Co., 1705 North Broadway, Red Oak, Iowa. Send protests to: A. N. Spath, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 414 Federal Bldg., & U.S.

Court House, 110 S. 4th St., Minneapolis, Minn. 55401.

No. MC 140668 TA, filed February 19, 1975. Applicant: GEORGE S. BOWMAN, doing business as BOWMAN TRUCKING, Route 3, Iva, S.C. 29655. Applicant's representative: George S. Bowman (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Fertilizer materials, fertilizer grades, nitrate and fertilizer filler, corlix pipe and key litz, from Starr, S.C., to Augusta, Ga., from Augusta, Savannah and Brunswick, Ga., and Sanford, Fla., to Starr, S.C., for 180 days. Supporting shipper: Kaiser Agricultural Chemicals, P.O. Box 135, Starr, S.C. 29684. E. E. Strotheid, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 302, 4400 Bldg., 1400 Pickens St., Columbia, S.C. 29201.

No. MC 140666 TA, filed February 18, 1975. Applicant: TRANSPORTES ROSARITO, S.A. de C.V., Km 114 Carretera Transpeninsular Ensenada, Baja California del Norte. Applicant's representative: Arnold M. Cowan, 231 Avenue 1, Redondo Beach, Calif. 90277. Authority sought to operate as a contract carrier, by motor vehicle, over irregular routes, transporting: Petroleum and petroleum products, including greases, oils, lubricants and diesel, in bulk, in tank trucks, tank trailers, tank semi-trailers or any combination of said vehicles operated as a unit, from Wilmington, Calif., to the Port of Entry on the International Boundary line, between the United States and Mexico at or near San Ysidro, Calif., including San Ysidro, Calif., and at or near Calexico, Calif., including Calexico, Calif., for 180 days. Supporting shipper: Petroleos Mexicanos, S.A. Ave., Marina Nacional No. 329, Mexico 17, D.F. Send protests to: Philip Yallowitz, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 300 North Los Angeles Street, Room 7708, Los Angeles, Calif. 90012.

APPLICATION OF PASSENGERS

No. MC 102538 (Sub-No. 18TA), filed February 19, 1975. Applicant: YELLOW COACH LINES, INCORPORATED, 520 E. Mary Street, Bristol, Va. 24210. Applicant's representative: Thomas I. Campbell, Box 287, Bristol, Va. 24201. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Passengers and their baggage in the same vehicle with passengers, from points in Sullivan, Carter, and Washington Counties, Tenn., and the City of Bristol, Va., and Washington County, Va., to all points in the United States, including Alaska, in special operations in round-trip and sightseeing tours, and special operations in all-expense round-trip and sightseeing tours, for 180 days. Supported by: Greater Bristol Senior Citizens Center, Inc., 1117 Weaver Pike, Bristol, Tenn. 37620. R. L. Sharpe, 820 Edgemont Ave., Bristol, Tenn. 37620. Harold Roller, 800 E. State St., Bristol, Va. 24210. C. F. Nave,

411 Fairview St., Johnson City, Tenn. 37601. Send protests to: Danny R. Beeler, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 215 Campbell Ave. SW., Roanoke, Va. 24011.

By the Commission.

[SEAL]

ROBERT L. OSWALD,
Secretary.

[FR Doc. 75-5717 Filed 3-3-75; 8:45 am]

IRREGULAR-ROUTE MOTOR COMMON CARRIERS OF PROPERTY—ELIMINATION OF GATEWAY LETTER NOTICES

FEBRUARY 21, 1975.

The following letter-notices of proposals to eliminate gateways for the purpose of reducing highway congestion, alleviating air and noise pollution, minimizing safety hazards, and conserving fuel have been filed with the Interstate Commerce Commission under the Commission's Gateway Elimination Rules (49 CFR 1065(a)), and notice thereof to all interested persons is hereby given as provided in such rules.

An original and two copies of protests against the proposed elimination of any gateway herein described may be filed with the Interstate Commerce Commission within 10 days from the date of this publication. A copy must also be served upon applicant or its representative. Protests against the elimination of a gateway will not operate to stay commencement of the proposed operation.

Successively filed letter-notices of the same carrier under these rules will be numbered consecutively for convenience in identification. Protests, if any, must refer to such letter-notices by number.

No. MC 31462 (Sub-No. E110), filed May 11, 1974. Applicant: PARAMOUNT MOVERS, INC., P.O. Box 309, Lancaster, Texas 75146. Applicant's representative: R. L. Rork (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Household goods, as defined by the Commission, from points in that part of Florida on and east of a line beginning at the Georgia-Florida State line extending along U.S. Highway 231 to the Gulf of Mexico, to points in that part of Michigan on and between a line beginning at Mackinaw City extending along Interstate Highway 75 to junction U.S. Highway 31, thence along U.S. Highway 31 to junction U.S. Highway 131, thence along U.S. Highway 131 to the Michigan-Indiana State line, thence along U.S. Highway 131 to the Michigan-Indiana State line, thence along the Michigan-Indiana State line to junction U.S. Highway 27, thence along U.S. Highway 27 to junction Michigan Highway 46, thence along Michigan Highway 13, thence along Michigan Highway 13 to Bay City, Michigan. The purpose of this filing is to eliminate the gateway of points in Georgia, points in Tennessee, Cairo, Illinois, and points within 25 miles thereof, and Ft. Wayne, Indiana, and points in Indiana within 40 miles thereof.

No. MC 31462 (Sub-No. E158), filed May 11, 1974. Applicant: PARAMOUNT MOVERS, INC., P.O. Box 309, Lancaster, Texas 75146. Applicant's representative: R. L. Rork (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Household goods, as defined by the Commission, from points in that part of Illinois on and north of a line beginning at the Illinois-Iowa State line extending along Illinois Highway 164 to junction U.S. Highway 150, thence along U.S. Highway 150 to junction Illinois Highway 78, thence along Illinois Highway 78 to junction Illinois Highway 78, thence along Illinois Highway 78 to junction Illinois Highway 90, thence along Illinois Highway 90 to junction Illinois Highway 29, thence along Illinois Highway 29 to junction Illinois Highway 17, thence along Illinois Highway 17 to junction Illinois Highway 28, thence along Illinois Highway 28 to junction Interstate Highway 80, thence along Interstate Highway 80 to the Illinois-Indiana State line, to points in that part of Kentucky on and east of a line beginning at the Kentucky-Indiana State line at Louisville extending along U.S. Highway 31W to junction Kentucky Highway 90, thence along Kentucky Highway 90 to junction Kentucky Highway 163, thence along Kentucky Highway 163 to the Kentucky-Tennessee State line. The purpose of this filing is to eliminate the gateway of Ft. Wayne, Indiana, and points in Indiana within 40 miles thereof.

Applicant: PARAMOUNT MOVERS, INC., P.O. Box 309, Lancaster, Texas 75146. Applicant's representative: R. L. Rork (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Household goods, as defined by the Commission, from points in that part of Missouri on and north of a line beginning at the Missouri-Kansas State line extending along U.S. Highway 66 to the Missouri-Illinois State line, to points in that part of Ohio on and north and east of a line beginning at the Indiana-Ohio State line extending along Ohio Highway 571 to junction U.S. Highway 127, thence along U.S. Highway 127 to junction Ohio Highway 49, thence along Ohio Highway 49 to junction U.S. Highway 35, thence along U.S. Highway 35 to junction U.S. Highway 68, thence along U.S. Highway 68 to junction U.S. Highway 22, thence along U.S. Highway 22 to junction Ohio Highway 73, thence along Ohio Highway 73 to the Ohio-Kentucky State line. The purpose of this filing is to eliminate the gateway of St. Louis, Missouri and East St. Louis, Illinois, and points within 50 miles thereof, and Ft. Wayne, Indiana, and points in Indiana within 40 miles thereof.

No. MC 106509 (Sub-No. E1), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Ma-

chinery, equipment, materials, and supplies used in, or in connection with, the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their products and by-products; and *machinery, materials, equipment, and supplies* used in, or in connection with, the construction, operation, repair, servicing, maintenance, and dismantling of pipelines, including the stringing and picking up thereof, except the picking up or stringing of pipe in connection with main or trunk pipelines, between points in Alabama, on the one hand, and, on the other, points in Colorado, Wyoming, Utah, Montana, and Nevada. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E23), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Machinery, equipment, materials, and supplies* used in or in connection with the construction, operation, repair, servicing, maintenance, and dismantling of pipelines, other than pipelines used for the transmission of natural gas, petroleum, their products and by-products, water, or sewerage, restricted to the transportation of shipments moving to or from pipeline rights of way, between points in Georgia, on the one hand, and, on the other, points in Colorado, Wyoming, Utah, and Montana. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E24), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Machinery, equipment, materials, and supplies* used in or in connection with the construction, operation, repair, servicing, maintenance, and dismantling of pipelines, other than pipelines used for the transmission of natural gas, petroleum, their products, and by-products, water, or sewerage, restricted to the transportation of shipments moving to or from pipeline rights of way, between points in Nevada, on the one hand, and, on the other, points in Louisiana, Alabama, Florida, and Georgia. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E25), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Earth drilling machinery and equipment, and machinery, equipment, materials, sup-*

plies and pipe incidental to, used in, or in connection with (a) the transportation, installation, removal, operation, repair, servicing, maintenance, and dismantling of drilling machinery and equipment, (b) the completion of holes or wells drilled, (c) the production, storage, and transmission of commodities resulting from drilling operations at well or hole sites and (d) the injection or removal of commodities into or from holes or wells, between points in Lea and Eddy, N. Mex., on the one hand, and, on the other, points in Wyoming, Montana, North Dakota, South Dakota, and points in that part of Colorado on and east of a line beginning at the Colorado-New Mexico State line extending along Interstate Highway 25 to the Colorado-Wyoming State line. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E26), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Earth drilling machinery and equipment, and machinery, equipment, materials, supplies, and pipe* incidental to, used in, or in connection with (a) the transportation, installation, removal, operation, repair, servicing, maintenance, and dismantling of drilling machinery and equipment, (b) the completion of holes or wells drilled, (c) the production, storage, and transmission of commodities resulting from drilling operations at wells or hole sites and (d) the injection or removal of commodities into or from holes or wells, between points in Oklahoma, on the one hand, and, on the other, points in Wyoming, Utah, and Montana. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E27), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Earth drilling machinery and equipment, and machinery, equipment, materials, supplies, and pipe* incidental to, used in, or in connection with (a) the transportation, installation, removal, operation, repair, servicing, maintenance, and dismantling of drilling machinery and equipment, (b) the completion of holes or wells drilled, (c) the production, storage, and transmission, of commodities resulting from drilling operations at well or hole sites, and (d) the injection or removal of commodities into or from holes or wells, between points in Louisiana, on the one hand, and, on the other, points in Colorado, Wyoming, Utah, Montana, North Dakota, and South Dakota. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 106509 (Sub-No. E28), filed May 26, 1974. Applicant: YOUNGER TRANSPORTATION, INC., P.O. Box 14066, Houston, Tex. 77021. Applicant's representative: Wray E. Hughes (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Supplies and pipe* incidental to, used in, or in connection with (a) the transportation, installation, removal, operation, repair, servicing, maintenance, and dismantling of drilling machinery and equipment, (b) the completion of holes or wells drilled, (c) the production, storage, and transmission of commodities resulting from drilling operations at well or hole sites and (d) the injection or removal of commodities into or from holes or wells, between points in Mississippi, on the one hand, and, on the other, points in Colorado, Wyoming, Utah, and Montana. The purpose of this filing is to eliminate the gateway of points in Texas.

No. MC 114211 (Sub-No. E638), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Agricultural implements and parts* thereof when moving incidental to and in the same vehicle with said commodities (except, in each instance, commodities which because of size or weight require the use of special equipment, and except commodities described in *Mercer Extension—Oil Field Commodities*, 74 M.C.C. 459 from Baxter Springs, Kansas to points in Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, Colorado, North Dakota, Louisiana, Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Maryland, New Jersey, to points in that part of Tennessee on and east of a line beginning at the Alabama-Tennessee State line extending along U.S. Highway 72 to junction U.S. Highway 41, thence along U.S. Highway 41 to junction U.S. Highway 11, thence along U.S. Highway 11 to junction Tennessee Highway 33, thence along Tennessee Highway 33 to junction U.S. Highway 25E, thence along U.S. Highway 25E to the Tennessee-Kentucky State line, to points in that part of Kentucky on and east of a line beginning at the Tennessee-Kentucky State line extending along U.S. Highway 25E to junction U.S. Highway 119, thence along U.S. Highway 119 to junction U.S. Highway 421, thence along U.S. Highway 421 to junction Kentucky Highway 80, thence along Kentucky Highway 80 to junction Kentucky Highway 15).

Thence along Kentucky Highway 15 to junction Kentucky Highway 11, thence along Kentucky Highway 11 to the Kentucky-Ohio State line, to points in that part of Alabama on and south of a line beginning at the Mississippi-Alabama State line extending along U.S. Highway 82 to junction U.S. Highway 11, thence along U.S. Highway 11 to

junction U.S. Highway 31, thence along U.S. Highway 31 to junction Alternate U.S. Highway 72, thence along Alternate U.S. Highway 72 to junction U.S. Highway 72, thence along U.S. Highway 72 to the Alabama-Tennessee State line, to points in that part of Mississippi on and south of a line beginning at the Arkansas-Mississippi State line along U.S. Highway 82 to the Mississippi-Alabama State line, to points in that part of Arkansas on and south of a line beginning at the Oklahoma-Arkansas State line extending along U.S. Highway 71, thence along U.S. Highway 71 to junction U.S. Highway 82, thence along U.S. Highway 82 to the Arkansas-Mississippi State line, to points in that part of Oklahoma on, south and west of a line beginning at the Kansas-Oklahoma State line extending along U.S. Highway 183 to junction U.S. Highway 44, thence along U.S. Highway 44 to junction U.S. Highway 281, thence along U.S. Highway 281 to junction Interstate Highway 40, thence along Interstate Highway 40 to junction Interstate Highway 44, thence along Interstate Highway 44 to junction U.S. Highway 75, thence along U.S. Highway 75 to junction U.S. Highway 70.

Thence along U.S. Highway 70 to the Oklahoma-Arkansas State line, to points in that part of Kansas on and west of a line beginning at the Kansas-Nebraska State line along U.S. Highway 183 to the Kansas-Oklahoma State line, to points in that part of Wisconsin on and east of a line beginning at Lake Michigan extending along Wisconsin Highway 31 to junction Wisconsin Highway 32, thence along Wisconsin Highway 32 to junction U.S. Highway 41, thence along U.S. Highway 41 to junction Wisconsin Highway 21, thence along Wisconsin Highway 21 to junction Wisconsin Highway 73, thence along Wisconsin Highway 73 to junction Wisconsin Highway 13, thence along Wisconsin Highway 13 to junction U.S. Highway 2, thence along U.S. Highway 2 to junction U.S. Highway 53, thence along U.S. Highway 53 to the Wisconsin-Minnesota State line, to points in that part of Minnesota on, north and west of a line beginning at the Wisconsin-Minnesota State line extending along U.S. Highway 2 to junction U.S. Highway 71, thence along U.S. Highway 71 to junction Minnesota Highway 210, thence along Minnesota Highway 210 to junction U.S. Highway 75, thence along U.S. Highway 75 to the Minnesota-South Dakota State line, to points in that part of South Dakota on, north and west of a line beginning at the South Dakota-Minnesota State line extending along U.S. Highway 12 to junction U.S. Highway 81, thence along U.S. Highway 81 to junction U.S. Highway 14, thence along U.S. Highway 14 to junction South Dakota Highway 37, thence along South Dakota Highway 37 to junction South Dakota Highway 44.

Thence along South Dakota Highway 44 to junction South Dakota Highway 47, thence along South Dakota Highway 47 to the South Dakota-Nebraska State line, to points in that part of Nebraska

on and west of a line beginning at the South Dakota-Nebraska State line extending along Nebraska Highway 47 to junction Nebraska Highway 12, thence along Nebraska Highway 12 to junction U.S. Highway 281, thence along U.S. Highway 281 to junction Interstate Highway 80, thence along Interstate Highway 80 to junction U.S. Highway 183, thence along U.S. Highway 183 to the Nebraska-Kansas State line, with no transportation for compensation on return except as otherwise authorized restricted against shipments moving in foreign commerce to points in Canada. The purpose of this filing is to eliminate the gateway of Claremore, Oklahoma.

No. MC 114211 (Sub-No. E717), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities requiring the use of special equipment), from Madison, S. Dak., to points in that part of Indiana on and east of a line beginning at the Indiana-Michigan State line extending along U.S. Highway 27 to junction Indiana Highway 37, thence along Indiana Highway 37 to junction Interstate Highway 465, thence along Interstate Highway 465 to junction U.S. Highway 40, thence along U.S. Highway 40 to the Illinois-Indiana State line; to points in that part of Illinois on and south of a line beginning at the Illinois-Indiana State line extending along U.S. Highway 40 to the Illinois-Missouri State line; and to points in that part of Missouri on and east of a line beginning at the Illinois-Missouri State line extending along U.S. Highway 67 to the Missouri-Arkansas State line. The purpose of this filing is to eliminate the gateways of Nassau, Minn., and Ft. Dodge, Iowa.

No. MC 114211 (Sub-No. E718), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Road building equipment*, from McAllen, Tex., to points in Colorado, Nebraska, South Dakota, Minnesota, Iowa, and Illinois. The purpose of this filing is to eliminate the gateway of points in Kansas.

No. MC 114211 (Sub-No. E719), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled tractors, road making machinery and contractors' equipment and supplies*, from Streator, Ill., to points in Washington, Oregon, California, Nevada, Idaho, Montana, North Dakota, and to points in that part of Utah on and north-

west of a line beginning at the Utah-Arizona State line extending along U.S. Highway 91 to junction Utah Highway 20, thence along Utah Highway 20 to junction U.S. Highway 89, thence along U.S. Highway 89 to junction Interstate Highway 70, thence along Interstate Highway 70 to junction Utah Highway 10, thence along Utah Highway 10 to junction Utah Highway 33, thence along Utah Highway 33 to junction U.S. Highway 40, thence along U.S. Highway 40 to junction Utah Highway 44, thence along Utah Highway 44 to the Utah-Wyoming State line; to points in that part of Wyoming on and northwest of a line beginning at the Utah-Wyoming State line extending along Wyoming Highway 530 to junction Interstate Highway 80, thence along Interstate Highway 80 to junction U.S. Highway 187, thence along U.S. Highway 187 to junction Wyoming Highway 28, thence along Wyoming Highway 28 to junction U.S. Highway 287, thence along U.S. Highway 287 to junction Wyoming Highway 220, thence along Wyoming Highway 220 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction U.S. Highway 85, thence along U.S. Highway 85 to junction U.S. Highway 18, thence along U.S. Highway 18 to the Wyoming-South Dakota State line; and to points in that part of South Dakota on and north of a line beginning at the Wyoming-South Dakota State line extending along U.S. Highway 18 to junction South Dakota Highway 79, thence along South Dakota Highway 79 to junction Interstate Highway 90, thence along Interstate Highway 90 to the South Dakota-Minnesota State line. The purpose of this filing is to eliminate the gateway of Minneapolis, Minn.

No. MC 114211 (Sub-No. E720), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Road building equipment* (except in each instance, commodities which because of size or weight requires the use of special equipment, and except commodities described in *Mercer Extension-Oil Field Commodities*, 74 M.C.C. 459), from McAllen, Tex., to points in the Upper Peninsula of Michigan, Vermont, New Hampshire, Maine, Massachusetts, and to points in that part of Rhode Island on and north of a line beginning at the Rhode Island-Connecticut State line extending along Rhode Island Highway 138 to the Atlantic Ocean; to points in that part of Connecticut on and north of a line beginning at the Connecticut-New York State line extending along Interstate Highway 84 to junction Connecticut Highway 66, thence along Connecticut Highway 66 to junction Connecticut Highway 2, thence along Connecticut Highway 2 to junction Connecticut Highway 52, thence along Connecticut Highway 52 to junction Connecticut Highway 138, thence along Connecticut Highway 138 to the Connecticut-Rhode Island

State line; to points in that part of New York on and north of a line beginning at the New York-Pennsylvania State line extending along Interstate Highway 84 to the New York-Connecticut State line.

To points in that part of Pennsylvania on and north of a line beginning at the Ohio-Pennsylvania State line extending along U.S. Highway 62 to junction U.S. Highway 322, thence along U.S. Highway 322 to junction Interstate Highway 80, thence along Interstate Highway 80 to junction U.S. Highway 209, thence along U.S. Highway 209 to the New York-Pennsylvania State line; to points in that part of Ohio on and east of a line beginning at Lake Erie extending along Ohio Highway 46 to junction Ohio Highway 11, thence along Ohio Highway 11 to junction Ohio Highway 82, thence along Ohio Highway 82 to the Ohio-Pennsylvania State line; and to points in that part of the Lower Peninsula of Michigan on and east of a line beginning at Mackinaw City extending along Interstate Highway 75 to junction U.S. Highway 27, thence along U.S. Highway 27 to junction U.S. Highway 127, thence along U.S. Highway 127 to junction U.S. Highway 223, thence along U.S. Highway 223 to the Michigan-Ohio State line, restricted against shipments moving in foreign commerce to points in Canada and restricted to the transportation of traffic originating at the plant sites and warehouse facilities of Deere and Company. The purpose of this filing is to eliminate the gateways of Claremore, Okla., and Horicon, Wis.

No. MC 114211 (Sub-No. E721), filed June 4, 1974. Applicant: WARREN Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Road building equipment* (except in each instance, commodities which because of size or weight requires the use of special equipment, and except commodities described in Mercer Extension-Oil Field Commodities, 74 M.C.C. 459, from Tonkawa, Okla., to points in California, Oregon, Washington, Montana, North Dakota, Wisconsin, Arkansas, Louisiana, Mississippi, Alabama, Florida, Georgia, Tennessee, Kentucky, South Carolina, North Carolina, Virginia, West Virginia, and to points in that part of Arizona on and west of a line beginning at the Arizona-Utah State line extending along U.S. Highway 89 to junction U.S. Highway 60, thence along U.S. Highway 60 to junction Arizona Highway 77, thence along Arizona Highway 77 to junction Arizona Highway 76, thence along Arizona Highway 76 to junction Interstate Highway 10, thence along Interstate Highway 10 to junction U.S. Highway 80, thence along U.S. Highway 80 to the Mexico-Arizona State line; to points in that part of Utah on and west of a line beginning at the Arizona-Utah State line extending along U.S. Highway 89 to junction Utah Highway 14, thence along Utah Highway 14 to junction Utah Highway 56, thence along Utah Highway

56 to the Utah-Nevada State line; to points in that part of Nevada on and west of a line beginning at the Utah-Nevada State line extending along Nevada Highway 25 to junction U.S. Highway 93, thence along U.S. Highway 93 to the Nevada-Idaho State line.

To points in that part of Idaho on and west of a line beginning at the Nevada-Idaho State line extending along U.S. Highway 93 to junction U.S. Highway 30, thence along U.S. Highway 30 to junction U.S. Highway 26, thence along U.S. Highway 26 to junction U.S. Highway 20, thence along U.S. Highway 20 to the Idaho-Wyoming State line; to points in that part of Wyoming on and north of a line beginning at the Montana and Idaho-Wyoming State line extending along U.S. Highway 20 to junction Alternate U.S. Highway 14, thence along Alternate U.S. Highway 14 to junction U.S. Highway 87, thence along U.S. Highway 87 to the Wyoming-Montana State line; to points in that part of Minnesota on and north of a line beginning at the North Dakota-Minnesota State line extending along Minnesota Highway 55 to junction Minnesota Highway 9, thence along Minnesota Highway 9 to junction U.S. Highway 12, thence along U.S. Highway 12 to junction Minnesota Highway 4, thence along Minnesota Highway 4 to junction U.S. Highway 212, thence along U.S. Highway 212 to junction Minnesota Highway 22, thence along Minnesota Highway 22 to junction U.S. Highway 65, thence along U.S. Highway 65 to the Minnesota-Iowa State line; and to points in that part of Iowa on and east of a line beginning at the Iowa-Minnesota State line extending along Interstate Highway 35 to junction U.S. Highway 18, thence along U.S. Highway 18 to junction U.S. Highway 69, thence along U.S. Highway 69 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction Interstate Highway 35, thence along Interstate Highway 35 to the Missouri-Iowa State line, restricted against shipments moving in foreign commerce to points in Canada. The purpose of this filing is to eliminate the gateway of Claremore, Okla.

No. MC 114211 (Sub-No. E722), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities the transportation of which, because of size or weight, requires the use of special equipment, and except commodities described in Mercer Extension-Oil Field Commodities, 74 M.C.C. 459), from Tonkawa, Okla., to points in California, Oregon, Washington, Montana, North Dakota, Wisconsin, Arkansas, Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina, North Carolina, Tennessee, Kentucky, West Virginia, Virginia, and to points in that part of Arizona on and west of a line beginning at the Arizona-Utah State line extending along U.S. Highway 89 to

junction U.S. Highway 60, thence along U.S. Highway 60 to junction Arizona Highway 77, thence along Arizona Highway 77 to junction Arizona Highway 76, thence along Arizona Highway 76 to junction Interstate Highway 10, thence along Interstate Highway 10 to junction U.S. Highway 80, thence along U.S. Highway 80 to the Mexico-Arizona State line; to points in that part of Utah on and west of a line beginning at the Arizona-Utah State line extending along U.S. Highway 89 to junction Utah Highway 14, thence along Utah Highway 14 to junction Utah Highway 56, thence along Utah Highway 56 to the Utah-Nevada State line.

To points in that part of Nevada on and west of a line beginning at the Utah-Nevada State line extending along Nevada Highway 25 to junction U.S. Highway 93, thence along U.S. Highway 93 to the Nevada-Idaho State line; to points in that part of Idaho on and west of a line beginning at the Nevada-Idaho State line extending along U.S. Highway 30 to junction U.S. Highway 26, thence along U.S. Highway 26 to junction U.S. Highway 20, thence along U.S. Highway 20 to the Idaho-Wyoming State line; to points in that part of Wyoming on and north of a line beginning at the Montana and Idaho-Wyoming State line extending along U.S. Highway 20 to junction Alternate U.S. Highway 14, thence along Alternate U.S. Highway 14 to junction U.S. Highway 87, thence along U.S. Highway 87 to the Wyoming-Montana State line; to points in that part of Minnesota on and north of a line beginning at the North Dakota-Minnesota State line extending along Minnesota Highway 55 to junction Minnesota Highway 9, thence along Minnesota Highway 9 to junction U.S. Highway 12, thence along U.S. Highway 12 to junction Minnesota Highway 4, thence along Minnesota Highway 4 to junction U.S. Highway 212, thence along U.S. Highway 212 to junction Minnesota Highway 22, thence along Minnesota Highway 22 to junction U.S. Highway 65, thence along U.S. Highway 65 to the Minnesota-Iowa State line; and to points in that part of Iowa on and east of a line beginning at the Iowa-Minnesota State line extending along Interstate Highway 35 to junction U.S. Highway 18, thence along U.S. Highway 18 to junction U.S. Highway 69, thence along U.S. Highway 69 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction Interstate Highway 35, thence along Interstate Highway 35 to the Iowa-Missouri State line, restricted against shipments moving in foreign commerce to points in Canada. The purpose of this filing is to eliminate the gateway of Claremore, Okla.

No. MC 114211 (Sub-No. E723), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Tractors*

except those with vehicle beds, bed frames, and fifth wheels), *equipment designed for use in conjunction with farm tractors, parts thereof*, the transportation of which, because of size or weight requires special equipment, from Independence, Mo., to points in that part of Minnesota on and northwest of a line beginning at the Minnesota-North Dakota State line extending along Minnesota Highway 13 to junction U.S. Highway 75, thence along U.S. Highway 75 to junction Minnesota Highway 210, thence along Minnesota Highway 210 to junction U.S. Highway 59, thence along U.S. Highway 59 to junction U.S. Highway 2, thence along U.S. Highway 2 to junction U.S. Highway 71, thence along U.S. Highway 71 to the United States-Canada International Boundary line; to points in that part of North Dakota on and north of a line beginning at the North Dakota-Montana State line extending along U.S. Highway 12 to the North Dakota-South Dakota State line; to points in that part of Montana on and east of a line beginning at the Montana-Idaho State line extending along U.S. Highway 12 to junction U.S. Highway 93, thence along U.S. Highway 93 to the Montana-Idaho State line, thence along the Montana-Idaho State line to junction Montana Highway 324.

Thence along Montana Highway 324 to junction Interstate Highway 15, thence along Interstate Highway 15 to junction Montana Highway 41, thence along Montana Highway 41 to junction U.S. Highway 10, thence along U.S. Highway 10 to junction U.S. Highway 12, thence along U.S. Highway 12 to the Montana-North Dakota State line; to points in that part of Idaho on and north of a line beginning at the Idaho-Washington State line extending along U.S. Highway 12 to the Idaho-Montana State line, thence along the Idaho-Montana State line to junction U.S. Highway 93, thence along U.S. Highway 93 to junction Idaho Highway 28, thence along Idaho Highway 28 to junction Idaho Highway 29, thence along Idaho Highway 29 to the Idaho-Montana State line; to points in that part of Washington on and north of a line beginning at the Washington-Oregon State line extending along Washington Highway 11 to junction U.S. Highway 12, thence along U.S. Highway 12 to the Washington-Idaho State line; and to points in that part of Oregon on and northwest of a line beginning at the Pacific Ocean, extending along U.S. Highway 101 to junction Oregon Highway 42, thence along Oregon Highway 42 to junction Interstate Highway 5, thence along Interstate Highway 5 to junction Oregon Highway 126, thence along Oregon Highway 126 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction U.S. Highway 97, thence along U.S. Highway 97 to junction Interstate Highway 80N, thence along Interstate Highway 80N to junction Oregon Highway 11, thence along Oregon Highway 11 to the Oregon-Washington State line. The purpose of this filing is to eliminate the gateways of points in Iowa, and Fargo, N. Dak.

No. MC 114211 (Sub-No. E724), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities requiring special equipment), from Madison, S. Dak., to points in that part of Illinois on and southeast of a line beginning at the Illinois-Wisconsin State line extending along U.S. Highway 51 to junction U.S. Highway 24, thence along U.S. Highway 24 to junction Illinois Highway 29, thence along Illinois Highway 29 to junction U.S. Highway 66, thence along U.S. Highway 66 to the Illinois-Missouri State line; and to points in that part of Minnesota on and north of a line beginning at the Minnesota-South Dakota State line extending along U.S. Highway 12 to the Minnesota-Wisconsin State line; and to points in that part of North Dakota on and north of a line beginning at the North Dakota-South Dakota State line extending along North Dakota Highway 3 to junction North Dakota Highway 13, thence along North Dakota Highway 13 to junction North Dakota Highway 30, thence along North Dakota Highway 30 to junction Interstate Highway 94, thence along Interstate Highway 94 to the North Dakota-Minnesota State line. The purpose of this filing is to eliminate the gateway of Nassau, Minn.

No. MC 114211 (Sub-No. E725), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Farm tractors*, from Mitchell, S. Dak. to points in Illinois, Indiana, and to points in that part of Wisconsin on and southeast of a line beginning at the Iowa-Wisconsin State line extending along U.S. Highway 151 to junction U.S. Highway 41, thence along U.S. Highway 41 to Green Bay, Wis., and to points in that part of Missouri on and southeast of a line beginning at the Kansas-Missouri State line extending along Missouri Highway 92 to junction Missouri Highway 33, thence along Missouri Highway 33 to junction Missouri Highway 48, thence along Missouri Highway 48 to junction U.S. Highway 169, thence along U.S. Highway 169 to the Missouri-Iowa State line. The purpose of this filing is to eliminate the gateway of Ft. Dodge, Iowa.

No. MC 114211 (Sub-No. E726), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Self-propelled farm machinery and parts thereof*, from Richardton, N. Dak., to points in New York. The purpose of this filing is to eliminate the gateway of the plant site of the

Stinar Corporation located at or near Minneapolis, Minn.

No. MC 114211 (Sub-No. E727), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Grading, paving and finishing machinery, equipment, parts, accessories and attachments*, from Barnesville, Minnesota, to points in California, Nevada, Utah, Arizona, New Mexico, Texas, Oklahoma, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, Tennessee, North Carolina, Kentucky, Virginia, West Virginia, Ohio, Maryland, Delaware, New Jersey, Pennsylvania, Connecticut, Rhode Island, New York, Massachusetts, Vermont, New Hampshire, Maine and to points in that part of Michigan on, south and east of a line beginning at the Indiana-Michigan State line extending along U.S. Highway 31 to junction Michigan Highway 60, thence along Michigan Highway 60 to junction Interstate Highway 94, thence along Interstate Highway 94 to junction U.S. Highway 23, thence along U.S. Highway 23 to junction Michigan Highway 21, thence along Michigan Highway 21 to junction U.S. Highway 53, thence along U.S. Highway 53 to Lake Huron, to points in that part of Indiana on and south of a line beginning at the Illinois-Indiana State line extending along Indiana Highway 10 to junction U.S. Highway 31, thence along U.S. Highway 31 to the Indiana-Michigan State line, to points in that part of Illinois on and south of a line beginning at the Iowa-Illinois State line extending along Interstate Highway 80 to junction Illinois Highway 23, thence along Illinois Highway 23 to junction Illinois Highway 17, thence along Illinois Highway 17 to junction Illinois Highway 114, thence along Illinois Highway 114 to the Illinois-Indiana State line, to points in that part of Washington on and west of a line beginning at the United States-Canada Boundary line extending along Interstate Highway 5 to junction Washington State Highway 169, thence along Washington State Highway 169 to junction Washington State Highway 410, thence along Washington Highway 410 to junction U.S. Highway 12, thence along U.S. Highway 12 to junction Washington Highway 141.

Thence along Washington State Highway 141 to the Washington-Oregon State line, to points in that part of Idaho on, and west and south of a line beginning at the Oregon-Idaho State line extending along Interstate Highway 80N to junction Interstate Highway 15, thence along Interstate Highway 15 to junction U.S. Highway 30N, thence along U.S. Highway 30N to the Idaho-Wyoming State line, to points in that part of Wyoming on and south of a line beginning at the Idaho-Wyoming State line extending along U.S. Highway 30N to junction U.S. Highway 189, thence along U.S. Highway 189 to junction Interstate Highway 80, thence along Interstate Highway 80 to junction Illinois

State Highway 23, thence along Illinois State Highway 23 to junction Illinois State Highway 17, thence along Illinois State Highway 17 to junction Illinois State Highway 114, thence along Illinois State Highway 114 to the Illinois-Indiana State line, to points in that part of Washington on and west of a line beginning at the United States-Canada Boundary line extending along Interstate Highway 5 to junction Washington State Highway 169, thence along Washington State Highway 169 to junction Washington Highway 410, thence along Washington Highway 410 to junction U.S. Highway 12, thence along U.S. Highway 12 to junction Washington Highway 141, thence along Washington State Highway 141 to the Washington-Oregon State line, to points in that part of Oregon on and west on a line beginning at the Washington-Oregon State line extending along Interstate Highway 38N to junction U.S. Highway 197.

Thence along U.S. Highway 197 to junction U.S. Highway 97, thence along U.S. Highway 97 to junction U.S. Highway 20, thence along U.S. Highway 20 to the Oregon-Idaho State line, to points in that part of Idaho on, west and south of a line beginning at the Oregon-Idaho State line extending along Interstate Highway 80N to junction Interstate Highway 15, thence along Interstate Highway 15 to junction U.S. Highway 30N, thence along U.S. Highway 30N to the Idaho-Wyoming State line to points in that part of Wyoming on and south of a line beginning at the Idaho-Wyoming State line extending along U.S. Highway 30N to junction U.S. Highway 189, thence along U.S. Highway 189 to junction Interstate Highway 80, thence along Interstate Highway 80 to junction U.S. Highway 287, thence along U.S. Highway 287 to junction Wyoming State Highway 220, thence along Wyoming State Highway 220 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction U.S. Highway 18, thence along U.S. Highway 18 to the Wyoming-South Dakota State line. The purpose of this filing is to eliminate the gateway of Canton, South Dakota.

Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof*, from Barnesville, Minnesota, to points in Indiana, Missouri, and points in that part of Kansas on and south of a line beginning at the Colorado-Kansas State line extending along Interstate Highway 70 to junction Kansas Highway 4, thence along Kansas Highway 4 to junction U.S. Highway 59, thence along U.S. Highway 59 to the Kansas-Missouri State line. The purpose of this filing is to eliminate the gateway of Ft. Dodge, Iowa.

No. MC 114211 (Sub-No. E729), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's repre-

sentative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof*, from Green Isle, Minnesota, to points in Colorado, Oklahoma, and to points in that part of Kansas on and west of a line beginning at the Nebraska-Kansas State line extending along U.S. Highway 159 to junction U.S. Highway 59, thence along U.S. Highway 59, to junction Kansas Highway 96, thence along Kansas Highway 96, to junction Kansas Highway 26, thence along Kansas Highway 26, to junction U.S. Highway 66, thence along U.S. Highway 66 to the Kansas-Missouri State line. The purpose of this filing is to eliminate the gateway of Beatrice and Nebraska City, Nebraska, and points in Iowa.

No. MC 114211 (Sub-No. E730), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled sweepers and hod buggies*, from Green Island, Minnesota, to points in New York, Pennsylvania, Maryland, New Jersey, Delaware, Virginia, Massachusetts and Connecticut. The purpose of this filing is to eliminate the gateway of Minneapolis, Minnesota.

No. MC 114211 (Sub-No. E731), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled rollers*, from Green Island, Minnesota, to points in Massachusetts. The purpose of this filing is to eliminate the gateway of Minneapolis, Minnesota.

No. MC 114211 (Sub-No. E732), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities the transportation of which, because of size or weight, requires the use of special equipment, and except commodities described in *Mercer Extension-Oil Field Commodities*, 74, M.C.C. 459, from Armstrong, Iowa, to points in Louisiana, Florida, to points in that part of Georgia on and south of a line beginning at the Alabama-Georgia State line extending along U.S. Highway 82 to junction U.S. Highway 84, thence along U.S. Highway 84 to junction U.S. Highway 1, thence along U.S. 1 to the Georgia-Florida State line, to points in that part of Alabama on and south of a line beginning at the Alabama-Mississippi State line extending along U.S. Highway 80 to junction U.S. Highway 82, thence along U.S. Highway 82 to the Alabama-Florida State line, to points in that part

of Mississippi on and south of a line beginning at the Arkansas-Mississippi State line extending along U.S. Highway 49 to junction U.S. Highway 82, thence along U.S. Highway 82 to junction U.S. Highway 51, thence along U.S. Highway 51 to junction Interstate Highway 20, thence along Interstate Highway 20 to the Mississippi-Alabama State line, to points in that part of Arkansas on and south of a line beginning at the Oklahoma-Arkansas State line extending along U.S. Highway 62 to junction U.S. Highway 71.

Thence along U.S. Highway 71 to junction Interstate Highway 40, thence along Interstate Highway 40 to junction Arkansas Highway 7, thence along Arkansas Highway 7 to junction U.S. Highway 270, thence along U.S. Highway 270 to junction U.S. Highway 79, thence along U.S. Highway 79 to junction U.S. Highway 49, thence along U.S. Highway 49 to the Arkansas-Mississippi State line, to points in that part of Oklahoma on, south and west of a line beginning at the Kansas-Oklahoma State line extending along Oklahoma Highway 2 to junction Oklahoma Highway 10, thence along Oklahoma Highway 10 to junction U.S. Highway 169, thence along U.S. Highway 169 to junction Oklahoma Highway 20, thence along Oklahoma Highway 20 to junction U.S. Highway 69, thence along U.S. Highway 69 to junction U.S. Highway 62, thence along U.S. Highway 62 to the Oklahoma-Arkansas State line, to points in that part of New Mexico on and south of a line beginning at the Arizona-New Mexico State line extending along Interstate Highway 40 to the New Mexico-Texas State line, to points in that part of Arizona on and south of a line beginning at the Nevada-Arizona State line extending along U.S. Highway 93 to junction U.S. Highway 66, thence along U.S. Highway 66 to the Arizona-New Mexico State line, to points in that part of Nevada on and south of a line beginning at the California-Nevada State line extending along Interstate Highway 15 to junction U.S. Highway 93, thence along U.S. Highway 93 to the Nevada-Arizona State line, to points in that part of California on, south and west of a line beginning at Santa Cruz, California extending along California Highway 1 to junction California Highway 152, thence along California Highway 152 to junction Interstate Highway 5, thence along Interstate Highway 5 to junction County Highway J18, thence along County Highway J18 to junction California Highway 99, thence along California Highway 99 to junction California Highway 58, thence along California Highway 58 to the junction Interstate Highway 15 to the California-Nevada State line. The purpose of this filing is to eliminate the gateway of Des Moines, Iowa, Martin City, Missouri, Claremore, Oklahoma, and points in Kansas.

No. MC 114211 (Sub-No. E733), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same

(as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled farm machinery and parts thereof*, from Lincoln, Nebr., to points in that part of New York on and east of a line beginning at the United States-Canada International Boundary line extending along Interstate Highway 81 to junction New York Highway 12, thence along New York Highway 12 to junction New York Highway 23, thence along New York Highway 23 to junction New York Highway 8, thence along New York Highway 8 to junction New York Highway 17, thence along New York Highway 17 to the New York-New Jersey State line. The purpose of this filing is to eliminate the gateways of the plant site of the Stinar Corporation located at or near Minneapolis, Minn., points in Iowa, and Nebraska City, Nebr.

No. MC 114211 (Sub-No. E734), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled farm machinery and parts thereof*, from Great Bend, Kans., to points in that part of New York on and east of a line beginning at the United States-Canada International Boundary line extending along U.S. Highway 81 to junction New York Highway 12, thence along New York Highway 12 to junction New York Highway 28, thence along New York Highway 28 to junction New York Highway 30, thence along New York Highway 30 to junction New York Highway 17, thence along New York Highway 17 to junction New York Highway 191, thence along New York Highway 191 to the New York-Pennsylvania State line. The purpose of this filing is to eliminate the gateway of the plant site of Stinar Corporation located at or near Minneapolis, Minn., and Beatrice, Nebr.

No. MC 114211 (Sub-No. E735), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Self-propelled tractors, road making machinery and contractors' equipment and supplies*, from Green Island, Minn., to points in that part of North Dakota on and northwest of a line beginning at the North Dakota-South Dakota State line extending along U.S. Highway 83 to junction North Dakota Highway 11, thence along North Dakota Highway 11 to junction North Dakota Highway 3, thence along North Dakota Highway 3 to junction North Dakota Highway 13, thence along North Dakota Highway 13 to junction North Dakota Highway 30, thence along North Dakota Highway 30 to junction Interstate Highway 94, thence along Interstate Highway 94 to the North Dakota-Minnesota State line;

and to points in Washington, Oregon, California, Idaho, Nevada, Arizona, Montana, Wyoming, New Mexico, Texas, Oklahoma, Louisiana, Arkansas, Missouri, Mississippi, Tennessee, Kentucky, Illinois, Wisconsin, Michigan, Ohio, Indiana, West Virginia, North Carolina, South Carolina, Alabama, Georgia, Florida, Rhode Island, Vermont, New Hampshire, and Maine. The purpose of this filing is to eliminate the gateway of Minneapolis, Minn.

No. MC 114211 (Sub-No. E736), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities the transportation of which because of size or weight requires the use of special equipment, and except commodities described in *Mercer Extension-Oil Field Commodities*, 74 M.C.C. 459), from Thief River Falls, Minn., to points in Louisiana, Florida, and to points in that part of California on and south of a line beginning at the Arizona-California State line extending along U.S. Highway 66 to junction U.S. Highway 95, thence along U.S. Highway 95 to junction Interstate Highway 10, thence along Interstate Highway 10 to junction California Highway 111, thence along California Highway 111 to junction California Highway 74, thence along California Highway 74 to junction California Highway 71, thence along California Highway 71 to junction U.S. Highway 395, thence along U.S. Highway 395 to junction California Highway 76, thence along California Highway 76 to Oceanside, Calif.; to points in that part of Arizona on and south of a line beginning at the New Mexico-Arizona State line extending along U.S. Highway 66 to the Arizona-California State line; to points in that part of Oklahoma on and south of a line beginning at the Missouri-Oklahoma State line extending along Interstate Highway 44 to junction U.S. Highway 64, thence along U.S. Highway 64 to junction U.S. Highway 60, thence along U.S. Highway 60 to junction Oklahoma Highway 15, thence along Oklahoma Highway 15 to the Oklahoma-Texas State line; to points in that part of Arkansas on, west, and south of a line beginning at the Missouri-Arkansas State line extending along U.S. Highway 71 to junction Interstate Highway 40.

Thence along Interstate Highway 40 to the Arkansas-Tennessee State line; to points in that part of Tennessee on and south of a line beginning at the Arkansas-Tennessee State line extending along Interstate Highway 40 to junction U.S. Highway 78, thence along U.S. Highway 78 to the Tennessee-Mississippi State line; to points in that part of Mississippi on and south of a line beginning at the Tennessee-Mississippi State line extending along U.S. Highway 78 to the Mississippi-Alabama State line; to points in that part of Alabama on and south of a line beginning at the Mississippi-Alabama State line extending along U.S.

Highway 78 to junction U.S. Highway 431, thence along U.S. Highway 431 to junction U.S. Highway 280, thence along U.S. Highway 280 to the Alabama-Georgia State line; to points in that part of Georgia on and south of a line beginning at the Alabama-Georgia State line extending along U.S. Highway 280 to junction U.S. Highway 80, thence along U.S. Highway 80 to Savannah Beach, Ga.; and to points in that part of New Mexico on and south of a line beginning at the Texas-New Mexico State line extending along U.S. Highway 66 to junction U.S. Highway 285, thence along U.S. Highway 285 to junction U.S. Highway 85, thence along U.S. Highway 85 to junction U.S. Highway 66, thence along U.S. Highway 66 to the New Mexico-Arizona State line. The purpose of this filing is to eliminate the gateways of points in Iowa, Beatrice and Nebraska City, Nebr., and Claremore, Okla.

No. MC 114211 (Sub-No. E752), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Agricultural implements and parts* (except in each instance, commodities which because of size or weight, requires the use of special equipment, and except commodities described in *Mercer Extension-Oil Field Commodities*, 74 M.C.C. 459), from Leavenworth, Kans., to points in California, Louisiana, Florida, and to points in that part of Washington on and west of a line beginning at the Oregon-Washington State line extending along U.S. Highway 97 to junction Interstate Highway 90, thence along Interstate Highway 90 to junction Interstate Highway 5, thence along Interstate Highway 5 to junction Washington Highway 542, thence along Washington Highway 542 to junction Washington Highway 9, thence along Washington Highway 9 to the United States-Canada International Boundary line; to points in that part of Oregon on and west of a line beginning at the Utah-Oregon State line extending along Oregon Highway 140 to junction U.S. Highway 395, thence along U.S. Highway 395 to junction Oregon Highway 31, thence along Oregon Highway 31 to junction U.S. Highway 97, thence along U.S. Highway 97 to junction U.S. Highway 197, thence along U.S. Highway 197 to the Washington-Oregon State line; to points in that part of Nevada on and southwest of a line beginning at the Utah-Nevada State line extending along U.S. Highway 50 to junction Alternate U.S. Highway 95.

Thence along Alternate U.S. Highway 95 to junction Nevada Highway 34, thence along Nevada Highway 34 to the Nevada-Oregon State line; to points in that part of Utah on and southwest of a line beginning at the Arizona-Utah State line extending along U.S. Highway 89 to junction Utah Highway 15, thence along Utah Highway 15 to junction Utah Highway 18, thence along Utah Highway 18 to junction Utah Highway 56, thence

along Utah Highway 56 to the Utah-Nevada State line; to points in that part of Arizona on and southwest of a line beginning at the Arizona-New Mexico State line extending along U.S. Highway 66 to junction U.S. Highway 89, thence along U.S. Highway 89 to the Utah-Arizona State line; to points in that part of New Mexico on and south of a line beginning at the Texas-New Mexico State line extending along U.S. Highway 66 to the Arizona-New Mexico State line; to points in that part of Oklahoma on and south of a line beginning at the Arkansas-Oklahoma State line extending along Interstate Highway 40 to junction Muskogee Turnpike, thence along Muskogee Turnpike to junction U.S. Highway 64, thence along U.S. Highway 64 to junction U.S. Highway 60, thence along U.S. Highway 60 to junction Oklahoma Highway 15, thence along Oklahoma Highway 15 to junction U.S. Highway 283, thence along U.S. Highway 283 to junction U.S. Highway 60, thence along U.S. Highway 60 to the Oklahoma-Texas State line; to points in that part of Arkansas on and south of a line beginning at the Mississippi-Arkansas State line extending along U.S. Highway 82 to junction U.S. Highway 65, thence along U.S. Highway 65 to junction U.S. Highway 270, thence along U.S. Highway 270 to junction U.S. Highway 71, thence along U.S. Highway 71 to junction Interstate Highway 40, thence along Interstate Highway 40 to the Oklahoma-Arkansas State line; to points in that part of Mississippi on and south of a line beginning at the Alabama-Mississippi State line extending along U.S. Highway 80 to junction Mississippi Highway 19.

Thence along Mississippi Highway 19 to junction Mississippi Highway 12, thence along Mississippi Highway 12 to junction U.S. Highway 49E, thence along U.S. Highway 49E to junction U.S. Highway 82, thence along U.S. Highway 82 to the Mississippi-Arkansas State line; to points in that part of Alabama on and south of a line beginning at the Georgia-Alabama State line extending along Alabama Highway 48 to junction Alabama Highway 9, thence along Alabama Highway 9 to junction U.S. Highway 280, thence along U.S. Highway 280 to junction Alabama Highway 25, thence along Alabama Highway 25 to junction U.S. Highway 80, thence along U.S. Highway 80 to the Alabama-Mississippi State line; to points in that part of Georgia on and south of a line beginning at the Georgia-South Carolina State line extending along Interstate Highway 20 to junction U.S. Highway 78, thence along U.S. Highway 78 to junction Georgia Highway 61, thence along Georgia Highway 61 to junction Georgia Highway 166, thence along Georgia Highway 166 to the Alabama-Georgia State line; to points in that part of South Carolina on and southeast of a line beginning at the North Carolina-South Carolina State line extending along Interstate Highway 95 to junction South Carolina Highway 341, thence along South Carolina Highway 341 to junction South Carolina Highway 34, thence along South Carolina

Highway 34 to junction Interstate Highway 20, thence along Interstate Highway 20 to the Georgia-South Carolina State line; and to points in that part of North Carolina on and southeast of a line beginning at Westover, N.C., extending along North Carolina Highway 45 to junction U.S. Highway 64, thence along U.S. Highway 64 to junction U.S. Highway 13, thence along U.S. Highway 13 to junction North Carolina Highway 11, thence along North Carolina Highway 11 to junction North Carolina Highway 24, thence along North Carolina Highway 24 to junction U.S. Highway 701, thence along U.S. Highway 701 to junction North Carolina Highway 41, thence along North Carolina Highway 41 to junction Interstate Highway 95, thence along Interstate Highway 95 to the North Carolina-South Carolina State line. The purpose of this filing is to eliminate the gateway of Claremore, Okla.

No. MC 114211 (Sub-No. E757), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Tractors (except those with vehicle beds, bed frames and fifth wheels), equipment, designed for use in conjunction with tractors, attachments for the above-described commodities described above in mixed loads with such commodities, except commodities requiring special equipment from Mitchell, South Dakota, to points in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Washington, Delaware, and to points in that part of New York on and east of a line beginning at Clayton, New York extending along New York Highway 12 to junction U.S. Highway 11, thence along U.S. Highway 11 to the New York-Pennsylvania State line, to points in that part of Virginia on and east of a line beginning at the Potomac River extending along U.S. Highway 301 to junction U.S. Highway 460, thence along U.S. Highway 460 to junction U.S. Highway 360, thence along U.S. Highway 360 to junction U.S. Highway 29, thence along U.S. Highway 29 to the Virginia-North Carolina State line, to points in that part of South Carolina on and east of a line beginning at the North Carolina-South Carolina State line extending along U.S. Highway 321 to junction Interstate Highway 26, thence along Interstate Highway 26 to Charleston, to points in that part of North Carolina on and east of a line beginning at the Virginia-North Carolina State line extending along U.S. Highway 29 to junction U.S. Highway 220, thence along U.S. Highway 220 to junction North Carolina Highway 49, thence along North Carolina Highway 49 to junction Interstate Highway 85.

Thence along Interstate Highway 85 to junction U.S. Highway 321, thence along U.S. Highway 321 to the North Carolina-South Carolina State line, to points in that part of Florida on and south of a line beginning at Tampa, Florida extending

along Interstate Highway 4 to junction Florida Highway 528, thence along Florida Highway 528 to junction Florida Highway 520, thence along Florida Highway 520 to Cocoa, Florida, to points in that part of Minnesota on and north of a line beginning at the North Dakota-Minnesota State line extending along U.S. Highway 10 to junction Minnesota Highway 87, thence along Minnesota Highway 87 to junction Minnesota Highway 84, thence along Minnesota Highway 84 to junction Minnesota Highway 200, thence along Minnesota Highway 200 to junction U.S. Highway 169, thence along U.S. Highway 169 to Ely, Minnesota, to points in that part of Montana on and north of a line beginning at the United States-Canada boundary line extending along Hill County Highway 233 to junction U.S. Highway 2, thence along U.S. Highway 2 west to the Montana-Idaho State line, to points in that part of Idaho on and west of a line beginning at the Idaho-Montana State line extending along U.S. Highway 2 to junction U.S. Highway 95, thence along U.S. Highway 95 to junction U.S. Highway 12, thence along U.S. Highway 12 to the Idaho-Washington State line, to points in that part of Oregon on and west of a line beginning at the Washington-Oregon State line extending along Oregon Highway 11 to junction U.S. Highway 395, thence along U.S. Highway 395 to junction Oregon Highway 74, thence along Oregon Highway 74 to junction Oregon Highway 206, thence along Oregon Highway 206 to junction U.S. Highway 97, thence along U.S. Highway 97 to junction Oregon Highway 140, thence along Oregon Highway 140 to junction U.S. Highway 395, thence along U.S. Highway 395 to the Oregon-Nevada State line to points in that part of California on and northwest of a line beginning at the Oregon-California State line extending along U.S. Highway 395 to junction California Highway 299, thence along California Highway 299 to Eureka, California. The purpose of this filing is to eliminate the gateway of Nassau, Minnesota, and Fargo, North Dakota.

No. MC 114211 (Sub-No. E772), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Farm tractors (except those with vehicle beds, bed frames and fifth wheels) equipment designed for use in conjunction with farm tractors, and parts thereof, from Lincoln, Nebraska, to points in Washington and to points in that part of Oregon on and north of a line beginning at the Washington-Oregon State line extending along Oregon Highway 11 to junction Interstate Highway 80N, thence along Interstate Highway 80N to junction Interstate Highway 5, thence along Interstate Highway 5, to junction Oregon Highway 22, thence along Oregon Highway 22, to junction Oregon Highway 223, thence along Oregon Highway 223, to junction U.S. Highway 20, thence along U.S. Highway

way 20 to Newport, Oregon, to points in that part of Idaho on and north of a line beginning at the Washington-Idaho State line extending along U.S. Highway 11 to the Montana-Idaho State line, to points in that part of Montana on and north of a line beginning at the Montana-Idaho State line extending along U.S. Highway 12 to the junction U.S. Highway 10, thence along U.S. Highway 10 to junction Highway 287, thence along U.S. Highway 287, to junction U.S. Highway 12.

Thence along U.S. Highway 12 to the Montana-North Dakota State line, to points in that part of North Dakota on and north of a line beginning at the Montana-North Dakota State line extending along U.S. Highway 10 to the North Dakota-Minnesota State line, and to points in that part of Minnesota on and north of a line beginning at the North Dakota-Minnesota State line extending along U.S. Highway 10 to junction Minnesota Highway 34, thence along Minnesota Highway 34, to junction Minnesota Highway 200, thence along Highway 200, to junction Minnesota Highway 6, thence along Minnesota Highway 6 to junction U.S. Highway 169, thence along U.S. Highway 169, to junction Minnesota Highway 1, thence along Minnesota Highway 1 to Lake Superior. The purpose of this filing is to eliminate the gateway of Fargo, North Dakota, points in Iowa and Nebraska City, Nebraska.

No. MC 114211 (Sub-No. E773), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P. O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm tractors* (except those with vehicle beds, bed frames and fifth wheels), equipment designed for use in conjunction with farm tractors, parts thereof and the transportation of which, because of size or weight requires special equipment from Grandview, to points in Washington, and to points in that part of Oregon on and north of a line beginning at the Oregon-Washington State line extending along Oregon Highway 11 to junction U.S. Highway 395 to junction Oregon Highway 74, thence along Oregon Highway 74 to junction Oregon Highway 19 to junction Oregon Highway 218 to junction U.S. Highway 97, thence along U.S. Highway 97 to junction U.S. Highway 20, thence along U.S. Highway 20 to junction Oregon Highway 242, thence along Oregon Highway 242 to junction Oregon Highway 126, thence along Oregon Highway 126 to junction Interstate Highway 5, thence along Interstate Highway 5 to junction Oregon Highway 42, thence along Oregon Highway 42 to Coquille, Oregon, to points in that part of Idaho on and north of a line beginning at the Idaho-Montana State line extending along U.S. Highway 12 to junction Idaho Highway 13, thence along Idaho Highway 13 to junction U.S. Highway 95, thence along U.S. Highway 95 to junction U.S. Highway 12.

Thence along U.S. Highway 12 to the Washington-Idaho State line, to points

in that part of Montana on and north of a line beginning at the North Dakota-Montana State line extending along U.S. Highway 12 to junction U.S. Highway 10, thence along U.S. Highway 10 to junction U.S. Highway 91, thence along U.S. Highway 91 to junction Montana Highway 43, thence along Montana Highway 43 to junction U.S. Highway 93, thence along U.S. Highway 93 to the Idaho-Montana State line, to points in that part of Minnesota on and north of a line beginning at the North Dakota-Minnesota State line extending along Minnesota State Highway 13 to junction U.S. Highway 75, thence along U.S. Highway 75, to junction Minnesota Highway 210, thence along Minnesota Highway 210 to junction Minnesota Highway 29, thence along Minnesota Highway 29 to junction U.S. Highway 71, thence along U.S. Highway 71 to the United States-Canada Boundary line, and to points in that part of North Dakota on and north of a line beginning at the Minnesota-North Dakota State line extending along Interstate Highway 94 to junction U.S. Highway 81, thence along U.S. Highway 81 to junction North Dakota Highway 46, thence along North Dakota Highway 46 to junction North Dakota Highway 30, thence along North Dakota Highway 30 to junction North Dakota Highway 3, thence along North Dakota Highway 3 to the South Dakota-North Dakota State line. The purpose of this filing is to eliminate the gateway of points in Iowa and Fargo, North Dakota.

No. MC 114211 (Sub-No. E774), filed June 4, 1974. Applicant: WARREN TRANSPORT, INC., P. O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Agricultural machinery and agricultural implements and parts thereof*, the transportation of which, because of size or weight, requires special equipment, from Springfield, Missouri, to points in North Dakota, and to points in that part of Wisconsin on and north of a line beginning at Green Bay, Wisconsin extending along U.S. Highway 41 to junction U.S. Highway 10, thence along U.S. Highway 10 to junction Wisconsin Highway 49, thence along Wisconsin Highway 49, to junction Wisconsin Highway 21, thence along Wisconsin Highway 21, to junction U.S. Highway 16, thence along U.S. Highway 16 to the Wisconsin-Minnesota State line, to points in that part of Minnesota on and north of a line beginning at the Wisconsin-Minnesota State line along U.S. Highway 16 to the Minnesota-South Dakota line, to points in that part of South Dakota on and north of a line beginning at the Minnesota-South Dakota State line extending along U.S. Highway 16 to junction South Dakota Highway 42, thence along South Dakota Highway 42 to junction South Dakota Highway 37, thence along South Dakota Highway 37 to junction South Dakota Highway 44, thence along South Dakota Highway 44

to junction U.S. Highway 183, thence along U.S. Highway 183 to the South Dakota-Nebraska State line, and to points in that part of Nebraska on and north of a line beginning at the South Dakota-Nebraska State line extending along U.S. Highway 183 to junction Nebraska Highway 12, thence along Nebraska Highway 12 to junction U.S. Highway 20, thence along U.S. Highway 20 to the Nebraska-Wyoming State line. The purpose of this filing is to eliminate the gateway of Fort Dodge, Iowa.

No. MC 114211 (Sub-No. E1160), filed July 30, 1974. Applicant: WARREN TRANSPORT, INC., P. O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof* (except commodities the transportation of which, because of size or weight, requires the use of special equipment), between Elgin, Ill., on the one hand, and, on the other, points in South Dakota and Minnesota. The purpose of this filing is to eliminate the gateway of points in Iowa.

No. MC 114211 (Sub-No. E1196), filed September 5, 1974. Applicant: WARREN TRANSPORT, INC., P. O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Farm machinery and parts thereof*, from points in Missouri on and south of a line beginning at the Kansas-Missouri State line, thence along U.S. Highway 36 to the Missouri-Illinois State line to points in North Dakota. The purpose of this filing is to eliminate the gateways of Beatrice, Nebr., and points in Iowa.

No. MC 114211 (Sub-No. E1202), filed September 5, 1974. Applicant: WARREN TRANSPORT, INC., P. O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Agricultural implements and parts for agricultural implements and tanks and towers*, from points in that part of Michigan beginning at Bay City, Mich., thence along U.S. Highway 10 to Lake Michigan, thence along the Lake Michigan line to Junction Michigan Highway 57, thence along Michigan Highway 57 to junction U.S. Highway 131, thence along U.S. Highway 131 to junction Michigan Highway 86, thence along Michigan Highway 86 to junction Michigan Highway 66, thence along Michigan Highway 66 to the Michigan-Indiana State line to points in that part of South Dakota on and south and west of a line beginning at the Nebraska-South Dakota State line, thence along U.S. Highway 83 to junction U.S. Highway 34, thence along U.S. Highway 34 to the South Dakota-Wyoming State line. The purpose of this filing is to eliminate the gateway of Beatrice, Nebr.

No. MC 114211 (Sub-No. E1224), filed September 5, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Agricultural implements, pumps, water systems, component parts for water systems, towers and parts for agricultural implements and pumps*, from points in Minnesota to points in Texas, restricted against movement to oil field locations. The purpose of this filing is to eliminate the gateway of Beatrice, Nebr.

No. MC 114211 (Sub-No. E1242), filed October 9, 1974. Applicant: WARREN TRANSPORT, INC., P.O. Box 420, Waterloo, Iowa 50704. Applicant's representative: Kenneth R. Nelson (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Iron and steel articles*, as described in Appendix V to the report in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209, the transportation of which, because of size or weight, requires special equipment, from Warren, Ohio, to points in St. Louis County, Mo., restricted to the transportation of shipments originating at the facilities of Van Huffel Tube Corporation, division of Youngstown Sheet and Tube Company, and of Republic Steel Corporation located at or near Warren, Ohio. The purpose of this filing is to eliminate the gateway of points in Missouri (except points in St. Louis County).

No. MC 116915 (Sub-No. E9), filed June 4, 1974. Applicant: ECK MILLER TRANSPORTATION CORPORATION, Owensboro, Ky. 42301. Applicant's representative: William P. Sullivan, 1819 H St. NW, Washington, D.C. 20006. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Oil well and mine machinery, pipe and supplies made of aluminum, and equipment, materials and supplies used in the manufacture and processing of the foregoing commodities*, (1) between points in Mississippi, on the one hand, and, on the other, points in Connecticut, New Jersey, New York, and Pennsylvania, and (2) between points in Georgia on and west of U.S. Highway 441, on the one hand, and, on the other, and points in New York west of a line beginning at the Pennsylvania-New York State line and extending along U.S. Highway 219 to junction New York Highway 98 and thence along New York Highway 98 to Carlton, N.Y. The purpose of this filing is to eliminate the gateway of Hawesville, Ky.

No. MC 117344 (Sub-No. E13), filed May 7, 1974. Applicant: THE MAXWELL COMPANY, 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Stiversen & Alden, 50 West Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Vegetable oils*, in bulk, in tank vehicles, from Decatur, Ind., to points in Alabama, Georgia,

Delaware, Kentucky, those points in that part of Maine on and south of a line beginning at the Maine-New Hampshire State line extending along U.S. Highway 2 to Bangor, thence along Alternate U.S. Highway 1 to Ellsworth, thence along Maine Highway 3 and 102 to the Atlantic Ocean, points in Maryland, Mississippi, New Hampshire, New Jersey, those points in that part of New York on, east and south of a line beginning on the New York-Pennsylvania State line extending along U.S. Highway 11 to intersection with New York Highway 7, thence along New York Highway 7 to the New York-Vermont State line, North Carolina, South Carolina, Tennessee (except Kingsport and Elizabethton), Vermont and Virginia. The purpose of this filing is to eliminate the gateway of Cincinnati, Ohio.

No. MC 117344 (Sub-No. E35), filed June 2, 1974. Applicant: THE MAXWELL COMPANY, 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Vegetable oils* in bulk, in tank vehicles, (a) from points in Illinois (except Chicago, Decatur and Bloomington); and Kentucky (except Louisville) to points in Connecticut, Massachusetts and Rhode Island (b) from Indiana (except Indianapolis) to points in Connecticut and Rhode Island, and (2) *soybean oil*, from Chicago, Decatur and Bloomington, Ill., and Louisville, Ky., to points in Connecticut, Massachusetts and Rhode Island. The purpose of this filing is to eliminate the gateways of Cincinnati and Columbus, Ohio.

No. MC 117344 (Sub-No. E38), filed May 22, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 W. Broad St., Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Vegetable oils*, in bulk, in tank vehicles, from Cincinnati, Ohio, to points in Kansas and Nebraska. The purpose of this filing is to eliminate the gateway of the plant site of Mrs. Tucker's Foods, Division of Anderson Clayton Co., near Jacksonville, Ill.

No. MC 117344 (Sub-No. E40), filed May 22, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 W. Broad St., Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Vegetable oils*, in bulk, in tank vehicles, from Jacksonville, Ill., to points in Delaware, those in Maine on and south of a line beginning at the Maine-New Hampshire State line and extending along U.S. Highway 2 to Bangor, thence along U.S. Highway Alternate 1 to Ellsworth, thence along Maine Highway 3 and 102 to the Atlantic Ocean, Maryland, New Hampshire, New Jersey, New York, North Carolina, South

Carolina, Pennsylvania, Vermont, Virginia, and West Virginia. The purpose of this filing is to eliminate the gateway of Cincinnati, Ohio.

No. MC 117344 (Sub-No. E41), filed May 22, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 W. Broad St., Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Soya bean oil*, in bulk, in tank vehicles, from Decatur, Ill., to points in Connecticut, Massachusetts, and Rhode Island. The purpose of this filing is to eliminate the gateways of Cincinnati and Columbus, Ohio.

No. MC 117344 (Sub-No. E42), filed May 22, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 West Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (a) *Soya bean oil*, in bulk, in tank vehicle, from Decatur, Ill., to points in Delaware, those in Kentucky on and east of a line beginning at the Kentucky-Indiana boundary and extending south along Route 421 to Frankfort, Ky.; thence along Route 127 to the Kentucky-Tennessee boundary; Maryland, New Jersey, New York, North Carolina, South Carolina, those in Tennessee on and east of a line beginning at the Tennessee-Kentucky boundary and extending south along U.S. Route 27 to Dayton, Tennessee; thence south along State Route 60 to the Tennessee-Georgia boundary (except Kingsport and Elizabethton); Ohio, Pennsylvania, Virginia and West Virginia, and (b) *soya bean oil*, in bulk, in insulated stainless steel or aluminum tank vehicles from Decatur, Ill., to points in Maine on and south of a line beginning at the Maine-New Hampshire State line and extending east along U.S. Route 2 to Bangor, thence south-east along U.S. Route Alternate 1 to Ellsworth, thence south along Maine Routes 3 and 102 to the Atlantic Ocean, New Hampshire, and Vermont. The purpose of this filing is to eliminate the gateway of Cincinnati, Ohio.

No. MC 117344 (Sub-No. E43), filed May 22, 1974. Applicant: THE MAXWELL COMPANY, 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 West Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Soya bean oil*, in bulk, in tank vehicles, from Louisville, Ky., to points in Connecticut, Massachusetts and Rhode Island. The purpose of this filing is to eliminate the gateways of Cincinnati and Columbus, Ohio.

No. MC 117344 (Sub-No. E44), filed May 22, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stiversen, 50 West Broad Street, Columbus, Ohio 43215. Au-

thirty sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (a) *Soya Bean Oil*, in bulk, in tank vehicles, from Louisville, Ky. to points in Delaware, Maryland, New Jersey, New York, Ohio, Pennsylvania, and (b) *soya bean oil*, in bulk, in insulated stainless steel or aluminium tank vehicles, from Louisville, Ky. to points in Vermont, New Hampshire and points in Maine on and south of a line beginning at the Maine-New Hampshire State line and extending east along U.S. Route 2 to Bangor, thence southeast along U.S. Route Alternate 1 to Ellsworth, thence south along Maine Routes 1 and 102 to the Atlantic Ocean. The purpose of this filing is to eliminate the gateway of Cincinnati, Ohio.

No. MC 117344 (Sub-No. E45), filed May 21, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: James R. Stivers, 50 W. Broad St., Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Synthetic liquid resins*, in bulk, in tank vehicles, from Dayton, Ohio, to points in Alabama, Georgia, South Carolina, Mississippi, and Texas. The purpose of this filing is to eliminate the gateway of Taylorsport, Ky.

No. MC 117344 (Sub-No. E46), filed May 19, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Sulphuric acid*, in bulk, in tank vehicles, from Hamilton, Ohio, to points in Illinois (except points in the St. Louis, Mo.-East St. Louis, Ill., commercial zone as defined by the Commission), Jeffersonville and New Albany, Ind., Louisville, Ky., points in Tennessee on and west of U.S. Highway 127, and points in Wisconsin. The purpose of this filing is to eliminate the gateway of Jackson County, Ind.

No. MC 117344 (Sub-No. E49), filed May 21, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Liquid glue and liquid synthetic resins*, in bulk, in tank vehicles, from Columbus, Ohio to points in Alabama, Arkansas, Mississippi, South Carolina, and Texas and *liquid glue* to points in North Carolina, on and west of U.S. Highway 321. The purpose of this filing is to eliminate the gateway of Taylorsport, Ky.

No. MC 117344 (Sub-No. E50), filed May 21, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell

(same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Paints, resins and varnishes*, in bulk, in tank vehicles, from Columbus, Ohio to Kansas City, Kans., and points in Iowa, Minnesota, Wisconsin and Missouri. The purpose of this filing is to eliminate the gateway of Covington, Ky. (a point in the Cincinnati Commercial Zone).

No. MC 117344 (Sub-No. E51), filed May 21, 1974. Applicant: THE MAXWELL CO., P.O. Box 15010, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Chemicals* (except Petrochemicals) in bulk, in tank vehicles, from Jackson County, Indiana to points in Alabama, Arkansas, Georgia, Kansas, Louisiana, Mississippi, those in Missouri on and south of a line commencing at St. Louis, Missouri, and extending west along Interstate Highway I-70 to its junction with State Route 19, thence north along State Route 19 to its junction with State Route 22, thence west along State Route 22 to its junction with U.S. Route 63, thence north along U.S. Route 63 to its junction with U.S. Route 36, thence west along U.S. Route 36 to St. Joseph, Missouri (except points in the St. Louis, Missouri, East St. Louis, Illinois Commercial Zone as defined by the Commission); Oklahoma; those points in South Carolina on and south of U.S. Highway 78, and Texas. Restriction: The authority granted herein is restricted against the transportation of dry chemicals to points in Ohio, and points in Chambers, Montgomery, Harris, Fort Bend, Galveston, Liberty, and Brazoria Counties, Texas. The purpose of this filing is to eliminate the gateway of the facilities of the Polymers-Chemical Division of W. R. Grace & Co. at Owensboro, Ky.

No. MC 117344 (Sub-No. E52), filed May 21, 1974. Applicant: THE MAXWELL CO., 10380 Evendale Drive, Cincinnati, Ohio 45215. Applicant's representative: Thomas L. Maxwell (same as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Liquid chemicals* (except petrochemicals, in bulk, in tank vehicles, from Columbus, Ohio, to points in Alabama, Arkansas, Gibson, Perry, Posey, Spencer, Vanderburgh, and Warrick Counties, Indiana, Kansas, Louisiana, Mississippi, those in Missouri on and south of a line beginning at St. Louis, Mo., and extending along Interstate Highway 70 to its junction with Missouri Highway 19, thence along Missouri Highway 19 to junction Missouri Highway 22, thence along Missouri Highway 22 to its junction with U.S. Highway 63, thence along U.S. Highway 63 to junction U.S. Highway 36, thence along U.S. Highway 36 to St. Joseph, Mo. (except points in the St. Louis, Mo.-East St. Louis, Ill., commercial zone as defined by the Commission), Oklahoma and Texas. The purpose of

this filing is to eliminate the gateway of the facilities of the Polymers and Chemical Division of W. R. Grace & Co., at Owensboro, Ky.

No. MC 119441 (Sub-No. E1), filed April 15, 1974. Applicant: BAKER HIGHWAY EXPRESS, INC., P.O. Box 484, Dover, Ohio 44622. Applicant's representative: Richard H. Brandon, 505 Hartman Bldg., Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Clay construction panels*, from Sugar Creek, Ohio, to points in Arkansas, Kansas, Maine, Vermont, New Hampshire, Oklahoma, Texas, and Louisiana (Minerva, Ohio)*; (2) *Clay products* (except in bulk), from Sugar Creek, Ohio, to points in Connecticut, Massachusetts, and Rhode Island (Massillon, Ohio)*; (3) *Clay products and fire clays*, from Sugar Creek, Ohio, to points in Iowa, Minnesota, and Missouri (Newcomerstown, Ohio)*; and (4) *Clay products*, from Sugar Creek, Ohio, to points in Tennessee, Alabama, Mississippi, Georgia, and North Carolina (the facilities of Kopp Clay Co., at Mineral City, Ohio)*. The purpose of this filing is to eliminate the gateways indicated by asterisks above.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[PR Doc.75-5719 Filed 3-3-75;8:45 am]

[Notice No. 1]

MOTOR CARRIER APPLICATIONS FOR TACKING AND GATEWAY ELIMINATION IN FINANCE PROCEEDINGS

FEBRUARY 25, 1975.

The following notices are supplemental materials to the section 5(2) finance applications listed below wherein each applicant requests (1) to tack certain authorities in its respective pending finance application, and (2) to concurrently eliminate the gateway in order to provide the described direct service.

Each applicant (except as otherwise specifically noted) states that there will be no significant effect on the quality of the human environment resulting from approval of its application.

Protests to the granting of the requested authority must be filed with the Commission within 30 days after the date of this FEDERAL REGISTER notice.¹ Failure seasonably to file a protest will be construed as a waiver of opposition and participation in this noticed portion of the finance proceeding.

A protest should comply with section 247(d) of the Commission's general rules of practice. The original and one (1) copy of the protest shall be filed with the Commission, and a copy shall be served concurrently upon applicant's representative or applicant if no representative is named.

¹ Protests to the letter notice in MC-52858 may be filed with the Commission within 10 days of this FEDERAL REGISTER publication.

MC-F-11406—Artim Transportation System, Inc.—Control and Merger—The Glenn Cartage Company.

MC-F-11631—Ace Doran Hauling & Rigging Co.—Pur.(P)—Daniel Hamm Drayage Co.

MC-F-11748—Coastal Industries Inc.—Control—P. B. Mutrie Motor Transportation, Inc.

MC-F-12030—Convoy Company—Control—Colorado Midland Transport Co.

MC-F-12041—Bouma Cartage Company—Purchase—Elston-Richards Storage Company.

MC-F-12070—F-B Truck Line Company—Pur. (P)—Elmer L. Sims, G. Grant Sims and Elmer L. Sims (Trustee for Sims Family Trust) dba Salt Lake Transfer Company.

MC-F-12072—Northwest Transport Service, Inc.—Pur. (P)—Elmer L. Sims, G. Grant Sims, and Elmer L. Sims, (Trustee for Sims Family Trust), dba Salt Lake Transfer Company.

MC-F-12088—Herriott Trucking Company, Inc.—Pur. (P)—Oliver Truck Lines, Inc.

MC-F-12089—Bond Transport, Inc.—Purchase—Parkhill Truck Company.

MC-F-12090—Cedar Rapids Steel Transportation, Inc.—Purchase—The Kinnison Trucking Company.

MC-F-12094—Ace Doran Hauling & Rigging Co.—Pur. (F)—Tri-State Motor Transit Co.

MC-F-12097—Wills Trucking, Inc.—Pur. (P)—Dry Bulk Transport, Inc.

MC-F-12116—Ace Doran Hauling & Rigging Co.—Purchase—Engel Trucking, Inc.

MC-F-12130—C W Transport, Inc.—Purchase—Zone Motor Freight, Inc.

MC-F-12144—J. V. McNicholas Transfer Company—Control and Merger—The J. M. Barbe Co.

MC-F-12155—Ace Doran Hauling & Rigging Co.—Pur. (P)—Tri-State Motor Transit Co.

MC-F-12172—Oliver Trucking Company, Inc.—Pur. (P)—Harrison-Shields Transportation Lines, Inc.

MC-F-12188—J. B. Montgomery, Inc.—Control and Merger—M.G.L. Freight Company

MC-F-12190—National Freight, Inc.—Purchase—Northeastern Trucking Company

MC-F-12192—Howard Martin, Inc.—Purchase—Gary Motor Freight, Inc.

MC-F-12199—General Highway Express, Inc.—Control and Merger—Roethlisberger Transfer Company

MC-F-12202—C W Transport, Inc.—Control and Merger—The Overland Transportation Company

MC-F-12213—C & H Transportation Co., Inc.—Purchase (Portion)—A. A. Martin Transportation Co., Inc.

MC-F-12237—Sentry Trucking Corporation—Control and Merger—Graun Transportation, Inc.

MC-F-12274—Bond Transport, Inc.—Purchase—Donald Stump, dba Richley Cartage Co.

MC-F-12292—Old Dominion Freight Line—Merger—Star Transport Co., Inc.

MC-F-12296—Twin City Freight, Inc.—Purchase (Portion)—United-Buckingham Freight Lines, Inc.

MC-F-12303—Dudley's Transcontinental Movers, Inc. et al.—Purchase—Trans-World Movers, Inc.

MC-F-12309—Von Der Ahe Van Lines, Inc.—Purchase—Adobe Van & Storage, Inc.

MC-F-12325—All Island Delivery Service, Inc.—Purchase—Emmes Trucking Co., Inc.

MC-F-12327—Byrnes Long Island Motor Cargo, Inc.—Pur.(P)—All Island Delivery Service, Inc.

MC-F-12332—Great Coastal Express, Inc.—Purchase—Shippers Express, Inc.

MC-F-12361—Payard Moving and Transportation Corporation—Purchase—H. J. Moran, dba Singing River Motor Freight

MC-F-12373—Hallamore Motor Transportation, Inc.—Purchase (Portion)—Fred Carpenter, Inc.

MC-F-12378—James H. Hartman & Son, Inc.—Purchase (Portion)—Piedmont Petroleum Products, Incorporated

MC-F-12381—Arrow Trucking Co.—Purchase (Portion)—D & H Trucking, Inc.

MC-F-12419—Arrow Carrier Corporation—Purchase—New England Transportation Company

MC-F-12433—F-B Truck Line Company—Purchase—Lester Smith Trucking, Inc.

No. MC 41406 (Sub-No. 48), filed January 30, 1975. Applicant: ARTIM TRANSPORTATION SYSTEM, INC., 7105 Kennedy Avenue, P.O. Box 2176, Hammond, Ind. 46323. Applicant's representative: William J. Walsh (Same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Iron and steel articles*, (1) from points in Illinois, Indiana, and Michigan, to points in Kentucky, Ohio, New York, Pennsylvania, and West Virginia. The purpose of this filing is to eliminate the gateways of Detroit and Monroe, Mich. and Middletown, Ohio; (2) from points in Kentucky, Ohio, New York, Pennsylvania and West Virginia, to points in Indiana, Illinois, Iowa, Missouri and Wisconsin. The purpose of this filing is to eliminate the gateways of Sturgis, Mich. and Middletown, Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-11406 published in the FEDERAL REGISTER of December 30, 1971.

No. MC 112304 (Sub-No. 92), filed February 3, 1975. Applicant: ACE DORAN HAULING & RIGGING CO., a Corporation, 1601 Blue Rock Street, Cincinnati, Ohio 45223. Applicant's representative: John D. Herbert (Same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Commodities*, the transportation of which because of size or weight require the use of special equipment, between points in Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Virginia, West Virginia, Wisconsin, and the District of Columbia, on the one hand, and, on the other, points in Louisiana, Oklahoma, and Texas. The purpose of this filing is to eliminate the gateways of Cairo and Hartford, Ill. and Paducah, Ky. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-11631 published in the FEDERAL REGISTER of August 31, 1972.

No. MC 102616 (Sub-No. 909), filed February 10, 1975. Applicant: COASTAL TANK LINES, INC., 215 East Waterloo Road, Akron, Ohio 44319. Applicant's representative: David F. McAllister (same address as applicant). Authority sought to operate as a common carrier by motor vehicle, over irregular routes, transporting: *Liquid chemicals and petroleum products*, in bulk, in tank vehicles, (1) from points in Connecticut,

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and New York, to points in the United States (except Alaska and Hawaii and points in Harris County, Tex.). The purpose of this filing is to eliminate the gateways of Akron and Cleveland, Ohio, Bridgeport, Newark, and Woodbridge, N.J., Chicago and Summit, Ill. and Coraopolis, Pa. (2) from Milwaukee, Wis., and its Commercial Zone and points in Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, North Carolina, Ohio, Pennsylvania, West Virginia, and Virginia, to points in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and New York. The purpose of this filing is to eliminate the gateways of Bainbridge, Buffalo and Niagara Falls, N.Y., Bridgeport, Newark, and Woodbridge, N.J., Carpentersville, Ill., Coraopolis and Philadelphia, Pa. and Waltham, Mass. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) notice in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-11748 published in the FEDERAL REGISTER of December 18, 1974.

No. MC 52858 (Letter Notice directly related to MC-F-12030), filed January 31, 1975. Applicant: CONVOY COMPANY, a Corporation, P.O. Box 10185, Portland, Oreg. 97210. Applicant's representative: T. R. Swennes (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Automobiles, trucks and buses* as described in the report to the Commission in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209 and 766, in secondary movements, in truckaway service (except trailers not designed to be drawn by passenger automobiles), between points in Arizona and those points in Colorado on or south of U.S. Highway 50 and on or east of U.S. Highway 265. The purpose of this filing is to eliminate the gateways at points in southeast Colorado. This letter notice is filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12030 published in the FEDERAL REGISTER issue of November 7, 1973.

NOTE.—Applicant not required to file environmental impact statement with this notice.

No. MC 120456 (Sub-No. 4), filed January 23, 1975. Applicant: BOUMA CARTAGE COMPANY, a Corporation, 146 Pleasant Street, S.W., Grand Rapids, Mich. 49503. Applicant's representative: William B. Elmer, 21635 East Nine Mile Road, St. Clair Shores, Mich. 48060. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *New furniture*, between Chicago, Ill., points in Indiana and Ohio, on the one hand, and, on the other, points in Michigan. The purpose of this filing is to eliminate the gateways of Muskegon and Grand Rapids, Mich. This application is a gateway elimination request.

quest filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12041 published in the FEDERAL REGISTER of November 21, 1973.

No. MC 125433 (Sub-No. 58), filed February 7, 1975. Applicant: F-B TRUCK LINE COMPANY, a corporation, 1945 South Redwood Road, Salt Lake City, Utah 84104. Applicant's representative: David J. Lister (same address as applicant). Authority sought to operate as a common carrier by motor vehicle, over irregular routes, transporting: (1) *Machinery, mining and construction materials, equipment and supplies of unusual size and weight, mining and construction equipment, self-propelled, each weighing 15,000 pounds or more, and related machinery, tools, parts and supplies moving in connection therewith, and iron and steel articles, as described in Ex Parte No. MC-45, Descriptions in Motor Carrier Certificates Appendix V to M.C.C. 276 (except mining and construction materials, equipment, and supplies), between points in California, on the one hand, and, on the other, points in Wyoming, Arizona, and Nevada. The purpose of this filing is to eliminate the gateway of Utah* (2) *commodities, the transportation of which because of size or weight requires the use of special equipment, and related machinery parts and related contractors' materials and supplies when their transportation is incidental to the transportation by carrier of commodities which by reason of size or weight require special equipment, (3) self-propelled vehicles, each weighing 15,000 pounds or more (except motor vehicles as defined in Section 203(a) (13) of the Interstate Commerce Act and vehicles moving in driveway service, and related machinery, tools, parts, and supplies moving in connection therewith, between points in Oregon and Washington, on the one hand, and, on the other, points in Arizona and New Mexico, restricted in (2) and (3) above against the transportation of boats, and (4) machinery, structural steel, pipe, and commodities, the transportation of which, by reason of size or weight, requires the use of special equipment, and related machinery parts and related contractors' materials and supplies when their transportation is incidental to the transportation of the commodities authorized above, between points in Washington, that part of Oregon on and north of the 44th parallel, Montana, Idaho, Wyoming, Nevada, Utah, and Arizona. The purpose of this filing is to eliminate the gateways of Montana and Idaho.*

(5) *Iron and steel articles as described in Ex Parte No. MC-45, Descriptions in Motor Carrier Certificates, Appendix V, 61 M.C.C. 276, between points in Washington, Oregon north of 44th parallel, Idaho, Montana, Wyoming, Utah, Nevada, Arizona, and New Mexico. The purpose of this filing is to eliminate the gateways of Idaho and Montana.* (6) *building material,*

between points in Washington, Oregon north of 44th parallel, Idaho, those in that part of Montana on and west of a direct north and south line extending from the northwest corner of the United States and Canada, those in Wyoming west of the Continental Divide, those in Nevada east of a line extending north and south through McDermitt, Nevada, including Winnemucca, Nevada, Utah, and Arizona. The purpose of this filing is to eliminate the gateways of Idaho, Montana, and Utah. (7) *construction equipment (except self-propelled articles weighing 15,000 pounds or more and commodities of which because of size or weight requires the use of special equipment), from California, to points in that part of Colorado west of the Continental Divide, and points in Rio Arriba and San Juan Counties, N. Mex. The purpose of this filing is to eliminate the gateway of Salt Lake City, Utah.*

(8) *Building materials, between California, on the one hand, and, on the other, between points in Arizona, those in that part of Nevada east of a line extending north and south through McDermitt, Nevada, including Winnemucca, Nevada and those in Wyoming west of the Continental Divide. The purpose of this filing is to eliminate the gateways of Utah and Idaho.* (9) *pipe when shipped as construction material or mining material, between points in California, on the one hand, and, on the other, points in Wyoming, Nevada and Arizona. The purpose of this filing is to eliminate the gateways of Utah and Idaho. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12070 published in the FEDERAL REGISTER of January 9, 1974.*

No. MC 1977 (Sub-No. 23), filed December 23, 1974. Applicant: NORTHWEST TRANSPORT SERVICE, INC., 5231 Monroe Street, Denver, Colo. 80216. Applicant's representative: Leslie R. Kehl, Suite 1600, Lincoln Center Building, 1660 Lincoln Street, Denver, Colo. 80203. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, and commodities which, because of size or weight, require special handling or use of special equipment), between Denver, Colo., on the one hand, and, on the other, Boise, Pocatello, Blackfoot, and Idaho Falls, Idaho, and points in Utah within a 50-mile radius of Salt Lake City, Utah. The purpose of this filing is to eliminate the gateway of Salt Lake City, Utah. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12072 pub-*

lished in the FEDERAL REGISTER of January 9, 1974.

No. MC 7920 (Sub-No. 13), filed January 23, 1975. Applicant: HERRIOTT TRUCKING COMPANY, INC., Alice and Sumner Streets, East Palestine, Ohio 44413. Applicant's representative: A. Charles Tell, 100 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities (except those of unusual value, Classes A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment), between points in Ohio, on the one hand, and, on the other, points in Pennsylvania and those in West Virginia north of U.S. Highway 40. The purpose of this filing is to eliminate the gateways of Summitville and Kensington (Columbiana County), Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12083 published in the FEDERAL REGISTER of January 16, 1974.*

MC 83745 (Sub-No. 7), filed February 3, 1975. Applicant: BOND TRANSPORT, INC., P.O. Box 548, Irwin, Pa. 15642. Applicant's representative: John A. Vuono, 2310 Grant Building, Pittsburgh, Pa. 15219. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (a) *Machinery and such commodities as require specialized handling and specialized equipment because of their size and weight; (b) self-propelled articles, each weighing 15,000 pounds or more and related machinery, tools, parts and supplies moving in connection therewith, between Pittsburgh, Pa. and points within 25 miles thereof, on the one hand, and, on the other, points in Indiana; and (c) self-propelled articles, each weighing 15,000 pounds or more, and related machinery, tools, parts and supplies in connection therewith, between Pittsburgh, Pa. and points within 25 miles thereof, on the one hand, and, on the other, points in that part of Illinois on and south of U.S. Highway 24. The purpose of this filing is to eliminate the gateway at any point in Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12089 published in the FEDERAL REGISTER of January 16, 1975.*

No. MC 114273 (Sub-No. 228), filed February 3, 1975. Applicant: CRST, P.O. Box 68, Cedar Rapids, Iowa 52406. Applicant's representative: Robert E. Konchar, Suite 315 Commerce Exchange Building, 2720 First Avenue NE., P.O. Box 1943, Cedar Rapids, Iowa 52406. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities (except those of unusual*

value; Classes A and B explosives, livestock, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment), between Chicago, Ill. and points in its Commercial Zone as defined by the Commission and points in Illinois within 10 miles of Chicago not included within the Chicago, Ill. Commercial Zone, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateway at Dayton, Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12090 published in the FEDERAL REGISTER issue of January 16, 1974.

NOTE.—Applicant is seeking to eliminate a gateway of authorities it is tacking as operator of: (1) Kinnison Trucking Company in MC-F-12090; and (2) Lee Bros., Inc. in MC-F-11358.

No. MC 112304 (Sub-No. 90), filed January 31, 1975. Applicant: ACE DORAN HAULING & RIGGING CO., a corporation, 1601 Blue Rock Street, Cincinnati, Ohio 45223. Applicant's representative: A. Charles Tell, 100 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Commodities*, the transportation of which, because of size or weight, require special handling and the use of special equipment, and/or *self-propelled articles* each weighing 15,000 pounds or more, and *related machinery, tools, parts, and supplies* moving in connection therewith (restricted to self-propelled articles which are transported on trailers), from points in Indiana, that portion of Kentucky on and east of a line beginning at the Kentucky-Indiana State line near Evansville, Ind., thence in a southerly direction via U.S. Highway 41 to its junction with U.S. Alternate Highway 41, thence via U.S. Alternate Highway 41 to the Kentucky-Tennessee State line, Michigan, New Jersey, New York, Ohio, Pennsylvania, and West Virginia, to points in California, Nevada, and Utah, with no transportation on return, except as otherwise authorized. Restriction: The operations authorized under the commodity description next above are restricted against the transportation to Utah and Nevada of commodities which because of size or weight, require special handling and the use of special equipment, used in or in connection with the construction, maintenance, repair, operations, servicing, or dismantling of pipelines. The purpose of this filing is to eliminate the gateways of Michigan and Ohio.

(2) *Commodities*, the transportation of which because of size or weight, require special handling and the use of special equipment, from points in Maryland, Virginia and the District of Columbia, to points in California, Nevada and Utah. Restriction: The operations authorized under the commodity

description next above are restricted against the transportation to Utah and Nevada of commodities used in or in connection with the construction, maintenance, repair, operations, servicing, or dismantling of pipelines. The purpose of this filing is to eliminate the gateway of Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12094 published in the FEDERAL REGISTER of January 23, 1974.

No. MC 52861 (Sub-No. 32), filed June 4, 1974. Applicant: WILLIS TRUCKING, INC., 5755 Granger Road, Cleveland, Ohio 44151. Applicant's representative: Paul F. Beery, 8 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Crushed raw limestone*, in bulk, in dump vehicles, from points in Pennsylvania and West Virginia within 50 miles of Weirton, W. Va., to points in Michigan. The purpose of this filing is to eliminate the gateway of points in Ohio within fifty (50) miles of Weirton, W. Va. (2) *calcium chloride*, in bulk, in dump vehicles, from the site of the storage facilities of the Terminal Import-Export Company at Lorain, Ohio, to points in West Virginia within fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateway of points in Pennsylvania within fifty (50) miles of Weirton, W. Va. (3) *sand*, in bulk, from points in Michigan, to points in Pennsylvania and West Virginia within fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateway of points in Ohio.

(4) *Petroleum coke*, in bulk, in dump vehicles, from Robinson, Ill., to points in Pennsylvania and West Virginia within fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateway of points in Ohio within fifty (50) miles of Weirton, W. Va. (5) *Re-carbonizing coke*, in bags, from Toledo and Cleveland, Ohio, to points in West Virginia within fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateway of points in Ohio within fifty (50) miles of Weirton, W. Va. (6) *Re-carbonizing coke*, in bulk, from Detroit, Mich., to points in West Virginia fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateways of points in Ohio and Pennsylvania within fifty (50) miles of Weirton, W. Va. (7) *scrap metal*, in dump vehicles, between points in Michigan, on the one hand, and, on the other, points in Pennsylvania and West Virginia fifty (50) miles of Weirton, W. Va. The purpose of this filing is to eliminate the gateway of points in Ohio within fifty (50) miles of Weirton, W. Va. (8) *ferro alloys*, in bulk, in dump vehicles, between points in Pennsylvania and West Virginia within fifty (50) miles of Weirton, W. Va. on the one hand, and, on the other, points in Michigan within forty (40) miles of Monroe, Mich. The purpose of this filing is to eliminate the

gateway of points in Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12097 published in the FEDERAL REGISTER of January 23, 1974.

No. MC 112304 (Sub-No. 91), filed January 31, 1975. Applicant: ACE DORAN HAULING & RIGGING CO., a corporation, 1601 Blue Rock Street, Cincinnati, Ohio 45223. Applicant's representative: A. Charles Tell, 100 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Machinery*, the transportation of which, by reason of size or weight, requires the use of special equipment, between points in the District of Columbia, Illinois, Indiana, Kentucky, Maryland, Michigan, New York, Ohio, Pennsylvania, Virginia, West Virginia, and Wisconsin, on the one hand, and, on the other, Connecticut, the District of Columbia, Maryland, Massachusetts, New Jersey, New York, and Rhode Island. The purpose of this filing is to eliminate the gateway of Chester County, Pa. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12116 published in the FEDERAL REGISTER of January 30, 1974.

No. MC 111594 (Sub-No. 65), filed December 23, 1974. Applicant: CW TRANSPORT, INC., 610 High Street, Wisconsin Rapids, Wis. 54494. Applicant's representative: Carl L. Steiner, 39 South La Salle Street, Chicago, Ill. 60663. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities* (except Classes A and B explosives, livestock, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment), between points in the St. Louis, Mo.-East St. Louis, Ill. Commercial Zone, on the one hand, and, on the other, points in Minnesota and Wisconsin, those in Illinois on and north of a line beginning at the Missouri-Illinois border, thence east via U.S. Highway 54 to the junction of U.S. Highway 36, thence east over U.S. Highway 36 to the junction of State Highway 121, thence over State Highway 121 to the junction of State Highway 130, thence south over State Highway 130 to the junction of U.S. Highway 40, thence east over U.S. Highway 40 to the Illinois-Indiana State Line. The purpose of this filing is to eliminate the gateway of the Hussman Refrigeration Company plant site located at Bridgeton, Mo. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12130 published in the FEDERAL REGISTER of February 13, 1974.

MC 14552 (Sub-No. 60), filed January 11, 1975. Applicant: J. V. McNICHOLAS TRANSFER COMPANY, 555 West Federal Street, Youngstown, Ohio 44501. Applicant's representative: Paul F. Beery, 8 East Broad Street, Ninth Floor, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Pipe and tubing* (except commodities in bulk and rolling mill rolls) (a) between points in West Virginia, Michigan, New York, Ohio, and Pennsylvania, on the one hand, and, on the other, points in Connecticut, Delaware, Maryland, Massachusetts, New Jersey, Rhode Island, Virginia, Wisconsin, and the District of Columbia. The purpose of this filing is to eliminate the gateway at Hancock, Brooke and Ohio Counties, W. Va. (2) *Iron and steel products* (except commodities in bulk and commodities requiring special equipment), (a) between points in Ohio, on the one hand, and, on the other, points in New York, Pennsylvania, Michigan, and West Virginia. (b) Between points in Michigan, on the one hand, and, on the other, points in New York, Pennsylvania, and West Virginia. (c) Between points in New York, on the one hand, and, on the other, points in Pennsylvania and West Virginia. (d) Between Pennsylvania, on the one hand, and, on the other, points in West Virginia.

(3) *Steel pipe, conduit, metallic tubing and fittings* for the above described commodities, (a) From points in West Virginia, Michigan, New York, Ohio, and Pennsylvania to points in Illinois, Indiana, Iowa, Kentucky, Michigan, Wisconsin, Missouri, Minnesota, and West Virginia. The purpose of this filing is to eliminate the gateway at Weirton, W. Va.

(4) *Steel mill equipment, materials, and supplies* (except commodities in bulk, and rolling mill rolls), (a) From points in Connecticut, Delaware, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia, West Virginia, Wisconsin, and the District of Columbia, to points in Pennsylvania, New York, and West Virginia. The purpose of this filing is to eliminate the gateway of The Edward Corporation at Warren, Ohio.

(5) *Iron and steel pipe, conduit, metallic tubing, and fittings* for the above described commodities, (a) From points in Pennsylvania, Ohio, New York, and West Virginia, to points in Illinois, Indiana, Iowa, Kentucky, Michigan, Wisconsin, Missouri, Minnesota, and West Virginia. The purpose of this filing is to eliminate the gateway at Warren, Ohio.

(6) *Containers, container ends, and parts and accessories* for the commodities described above (except commodities in bulk and commodities requiring special equipment), (a) From points in Pennsylvania on and west of a line beginning at the State Boundary line between West Virginia and Pennsylvania and extending along Pennsylvania Highway 844, thence east over Pennsylvania Highway 844 to intersection U.S. Highway 19, thence north along U.S. Highway

19 to intersection Pennsylvania Highway 65, thence north along Pennsylvania Highway 65 to intersection Pennsylvania Highway 989, thence north along Pennsylvania Highway 989 to intersection Pennsylvania Highway 68, thence east along Pennsylvania Highway 68 to intersection Pennsylvania Highway 138, thence east along Pennsylvania Highway 138 to intersection Pennsylvania Highway 308, thence north along Pennsylvania Highway 308 to Pennsylvania Highway 8, thence north along Pennsylvania Highway 8 to intersection U.S. Highway 62, thence east along U.S. Highway 62 to intersection U.S. Highway 322, thence north along U.S. Highway 322 to intersection Pennsylvania Highway 173, thence west along Pennsylvania Highway 173 to intersection Pennsylvania Highway 285, thence west along Pennsylvania Highway 285 to intersection U.S. Highway 6, thence west along U.S. Highway 6 to the State Boundary line between Ohio and Pennsylvania to points in Delaware, Indiana, Kentucky, Maryland, Michigan, New York, Pennsylvania and West Virginia. The purpose of this filing is to eliminate the gateway at the 35 mile radius of Youngstown and the 15 mile radius from Burgettstown, Pa.

(b) *Empty metal containers; container ends and parts and accessories* for the commodities described above, Between Akron, Ohio, on the one hand, and, on the other, points in Delaware, Indiana, Kentucky, Maryland, Michigan, New York, Pennsylvania, and West Virginia. The purpose of this filing is to eliminate the gateway at Warren, Ohio.

(c) *Empty metal containers, container ends and parts and accessories* for the commodities described above, From Youngstown, Ohio, to points in Delaware, Indiana, Kentucky, Maryland, Michigan, New York, Pennsylvania, and West Virginia. The purpose of this filing is to eliminate the gateway at Youngstown, Ohio to points within 35 miles thereof.

(7) *Household goods*, as defined by the Commission, (a) Between Pennsylvania, New York, and West Virginia, on the one hand, and, on the other, points in Pennsylvania, West Virginia, and New York (except office furniture and equipment and store fixtures between Youngstown, Ohio, on the one hand, and, on the other, points in Pennsylvania within 35 miles of Youngstown). The purpose of this filing is to eliminate the gateway of Trumbull County, Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12144 published in the FEDERAL REGISTER of March 6, 1974.

No. MC 112304 (Sub-No. 89), filed January 31, 1975. Applicant: ACE DORAN HAULING & RIGGING CO., a Corporation, 1601 Blue Rock Street, Cincinnati, Ohio 45223. Applicant's representative: A. Charles Tell, 100 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier

by motor vehicle, over irregular routes, transporting: (1) *Contractors' equipment and commodities*, the transportation of which, by reason of size or weight, require the use of special equipment, and/or self-propelled articles each weighing 15,000 pounds or more, and related machinery, tools, parts and supplies moving in connection therewith, (a) between points in that portion of Indiana on and east of a line beginning at the Illinois-Indiana state line at or near Lake Michigan via U.S. Highway 41 to its junction with U.S. Highway 52, thence via U.S. Highway 52 to its junction with Interstate Highway 65, thence via Interstate Highway 65 to its junction with Interstate Highway 465, thence via Interstate Highway 465 west and south of Indianapolis, Ind., to its junction with Interstate Highway 65, thence via Interstate Highway 65 to the Indiana-Kentucky state line at Jeffersonville, Ind., on the one hand, and, on the other, points in Texas, (b) between points in that portion of Kentucky on and north of a line beginning at the Kentucky-Indiana state line at Louisville, Ky., thence via Interstate Highway 64 to its junction with U.S. Highway 60, thence via U.S. Highway 60 to its junction with Kentucky Highway 15 at or near Winchester, Ky., thence via Kentucky Highway 15 to its junction with U.S. Highway 119, thence via U.S. Highway 119 to its junction with U.S. Highway 23 at Jenkins, Ky.

Thence via U.S. Highway 23 to the Kentucky-Virginia state line, on the one hand, and, on the other, points in Texas, (c) between points in Cook, Lake, and DuPage Counties, Ill. and those in Kenosha, Racine, Waukesha and Milwaukee Counties, Wis., on the one hand, and, on the other, points in that portion of Texas on, south and east of a line beginning at the Texas-Louisiana state line, thence via Interstate Highway 10 to its junction with U.S. Highway 90 at Beaumont, Tex., thence via U.S. Highway 90 to its junction with Interstate Highway 610, thence via Interstate Highway 610 to its junction with U.S. Highway 290, thence via U.S. Highway 290 to its junction with U.S. Highway 67, thence via U.S. Highway 67 to the United States-Mexican boundary line, and (d) between points in Michigan, New Jersey, New York, Ohio, Pennsylvania, and West Virginia, on the one hand, and, on the other, points in Texas and (2) *commodities*, the transportation of which, because of size or weight, require the use of special equipment, between points in Maryland, the District of Columbia and that portion of Virginia on, north and east of a line beginning at the Virginia-West Virginia state line near Summit, Va., thence via U.S. Highway 60 to its junction with U.S. Highway 15, thence via U.S. Highway 15 to its junction with U.S. Highway 460, thence via U.S. Highway 460 to its junction with Virginia Highway 40, thence southerly via Virginia Highway 40 to its junction with Virginia Highway 46, thence via Virginia Highway 46 to the Virginia-North Carolina state line, on the one hand, and, on the other, points

in Texas. The purpose of this filing is to eliminate the gateways of Michigan and Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12155 published in the FEDERAL REGISTER of March 13, 1974.

No. MC 116014 (Sub-No. 69), filed January 28, 1975. Applicant: OLIVER TRUCKING COMPANY, INC., P.O. Box 53, Winchester, Ky. 40391. Applicant's representative: Maxwell A. Howell, 1511 K Street NW., Washington, D.C. 20005. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Iron and steel and iron and steel articles* as described in Appendix V to the report in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209, except commodities which because of size or weight require special equipment, from Coraopolis, McKeesport, Neville Island and Pittsburgh, Pa., to points in Alabama, North Carolina, South Carolina, and Tennessee, with no transportation for compensation on return except as otherwise authorized. The purpose of this filing is to eliminate the gateway of Ashland, Ky. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12172 published in the FEDERAL REGISTER of March 27, 1974.

No. MC 140024 (Sub-No. 51), filed January 20, 1975. Applicant: J. B. MONTGOMERY, INC., 5565 E. 52nd Street, Commerce City, Colo. 80216. Applicant's representative: Charles W. Singer, 2440 E. Commercial Boulevard, Fort Lauderdale, Fla. 33308. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Such commodities*, as are usually dealt in, or used by, meat, fruit and vegetable packinghouses and wholesale and retail department stores, except Classes A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading, between Kansas City and North Kansas City, Mo. and Kansas City, Kans., and points in Missouri within 10 miles of the points named, on the one hand, and, on the other, Denver, Colo. and Chicago and Blue Island, Ill. The purpose of this filing is to eliminate the gateways of points in Kansas within 10 miles of Kansas City and North Kansas City, Mo. and Kansas City, Kans. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12188 published in the FEDERAL REGISTER of April 17, 1974 and republished in the FEDERAL REGISTER of May 31, 1974.

No. MC 28260 (Sub-No. 144), filed February 3, 1975. Applicant: NATIONAL FREIGHT, INC., 57 West Park Ave., Vineland, N.J. 08360. Applicant's representative: David G. MacDonald, 1000 16th St. NW., Washington, D.C. 20036. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities* (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk and commodities requiring special equipment), (1) between Columbus, Atlanta, and Augusta, Ga., and points in South Carolina and North Carolina, on the one hand, and, on the other, points in Virginia on and east of U.S. Highway 15, points in Maryland, Pennsylvania, Delaware, New York, New Jersey, Connecticut, Rhode Island, and Massachusetts; and (2) between Savannah, Ga., on the one hand, and, on the other, points in South Carolina, North Carolina, Virginia, on and east of U.S. Highway 15, Maryland, Pennsylvania, Delaware, New Jersey, New York, Connecticut, Rhode Island, and Massachusetts. The purpose of this filing is to eliminate the gateways at Richmond, Va. and Baltimore, Md. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12190 published in the FEDERAL REGISTER of April 17, 1974.

No. MC 103373 (Sub-No. 6), filed February 4, 1975. Applicant: HOWARD MARTIN, INC., 4315 Meyer Road, Fort Wayne, Ind. 46806. Applicant's representative: Leonard R. Kofkin, 39 South LaSalle Street, Chicago, Ill. 60603. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *Such commodities* as require special equipment or specialized handling because of size or weight, between points in Ohio, Indiana and Michigan, on the one hand, and, on the other, points in Lake, Cook and DuPage Counties, Ill. The purpose of this filing is to eliminate the gateway of points in that part of Lake County, Ind. in the Chicago, Ill. Commercial Zone. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12192 published in the FEDERAL REGISTER of April 24, 1974.

No. MC 97841 (Sub-No. 21), filed January 31, 1975. Applicant: GENERAL HIGHWAY EXPRESS, INC., P.O. Box 727, Sidney, Ohio 45365. Applicant's representative: Paul F. Beery, 8 East Broad St., Ninth Floor, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *General commodities* (except classes A and B explosives, livestock, grain, petroleum products in bulk, household goods as de-

fined by the Commission, and commodities requiring special equipment), between the Kentucky portion of the Cincinnati, Ohio Commercial Zone and the West Virginia portion of the East Liverpool, Ohio Commercial Zone, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateways at Shelby, Ohio and Sidney, Ohio.

(2) *Household goods* as defined by the Commission, between points in Illinois, Indiana, Michigan, Missouri, New York, and Pennsylvania, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateways at points in Richland County, Ohio and Sidney, Ohio.

(3) (a) *Kitchen appliance and cabinet wall systems*, from points in Ohio, to points in Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Kentucky, Michigan, Indiana, Illinois, Wisconsin, Mississippi, Louisiana, Arkansas, Missouri, Iowa, Minnesota and the District of Columbia. The purpose of this filing is to eliminate the gateways at Sidney, Ohio and the plant site of Tappan Company, in Richland County, Ohio.

(3) (b) *Equipment, materials and supplies* used in the manufacture of the commodities described in (3) (a) above (except iron and steel articles and commodities in bulk), from Richmond, Ind. Freeland and Philadelphia, Pa., Farmington and Walled Lake, Mich., Galesburg, Ill., Dayton, Tenn., and Hartford, Conn., to points in Ohio. The purpose of this filing is to eliminate the gateway at Sidney, Ohio, and the plant site of Tappan Co., in Richland County, Ohio. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1975; and is directly related to MC-F-12199 published in the FEDERAL REGISTER of April 24, 1974.

MC 111594 (Sub-No. 64), filed January 13, 1975. Applicant: C W TRANSPORT, INC., 610 High Street, Wisconsin Rapids, Wis. 54494. Applicant's representative: Jack Goodman, 39 South LaSalle Street, Chicago, Ill. 60603. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities* (except those of unusual value), Classes A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment. (1) From points in North Carolina and South Carolina to Kansas City, Mo.; Chicago and Peoria, Ill.; points in that part of Illinois within a 50 mile radius of Batavia, Ill.; St. Louis, Mo., and Alton, Ill., and points in Indiana. The purpose of this filing is to eliminate the gateway of Cincinnati, Ohio. (2) From Chicago and points in that part of Illinois within a 50 mile radius of Ba-

aria, Illinois, to all points in North Carolina on and east of a line beginning at the junction of U.S. Highway 25 and the North Carolina-South Carolina State line, thence north over U.S. Highway 25 to Asheville; thence north over U.S. Highway 23 to the North Carolina-Tennessee State line. The purpose of this filing is to eliminate the gateway of Lima, Ohio.

(3) From Kansas City and St. Louis, Missouri; Alton, Illinois, and all points in Indiana, to all points in North Carolina located on and east of a line beginning at the junction of U.S. Highway 321 and the North Carolina-South Carolina State line; thence north over U.S. Highway 321 to the junction of North Carolina Highway 16 at or near Conover; thence over North Carolina Highway 16 to the junction of North Carolina Highway 18 at or near Wilkesboro; thence north over North Carolina Highway 18 to the North Carolina-Virginia State line. The purpose of this filing is to eliminate the gateway of Columbus, Ohio.

(4) From Chicago and Peoria, and Alton, Illinois, and all points in that part of Illinois within a 50 mile radius of Peoria, Illinois; Kansas City and St. Louis, Missouri, and all points in Indiana to all points in South Carolina located on, east and south of a line beginning at the junction of U.S. Highway 29 and the South Carolina-Georgia State line; thence north and east over U.S. Highway 29 to the North Carolina-South Carolina State line. The purpose of this filing is to eliminate the gateway of Columbus, Ohio.

(5) From Peoria, Illinois to all points in North Carolina located on and east of a line beginning at the junction of U.S. Highway 321 and the North Carolina-South Carolina State line; thence north over U.S. Highway 321 to the junction of State Highway 16 at or near Conover; thence north over State Highway 16 to the junction of State Highway 18 at or near Wilkesboro; thence north over State Highway 18 to the North Carolina-Virginia State line. The purpose of this filing is to eliminate the gateway of Columbus, Ohio.

(6) Between Louisville, Kentucky, on the one hand, and, on the other, points in North Carolina located on and east of a line beginning at the junction of U.S. Highway 321 and the North Carolina-South Carolina State line; thence north over U.S. Highway 321 to the junction of State Highway 16 at or near Conover; thence north over State Highway 16 to the junction of State Highway 18 at or near Wilkesboro; thence north over State Highway 18 to the North Carolina-Virginia State line; and points in South Carolina located on, east, and south of a line beginning at the junction of U.S. Highway 29 and the South Carolina-Georgia State line; thence north and east over U.S. Highway 29 to the North Carolina-South Carolina State line. The purpose of this filing is to eliminate the gateway of Columbus, Ohio. This application is a gateway elimination request

filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12202 published in the FEDERAL REGISTER of May 1, 1974.

No. MC 83539 (Sub-No. 404), filed January 9, 1975. Applicant: C & H TRANSPORTATION CO., INC., 1936-2010 West Commerce Street, P.O. Box 5976, Dallas, Tex. 75222. Applicant's representative: Thomas E. James (same address as applicant). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Heavy machinery and such commodities requiring special handling or rigging because of size or weight*, (a) between points in New Hampshire and that part of Maine south of a line beginning at the Atlantic Ocean, 5 miles north of Cutler, Maine, and extending in a westerly direction through Machias, Bangor, and Wilsons Mills to the Maine-New Hampshire State line on the one hand, and, on the other, points in Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin and Wyoming. The purpose of this filing is to eliminate the gateways of the 25 mile radius of Boston, Mass., Philadelphia and Braddock, Pa., the 50 mile radius of Nashville, Tenn., points in Illinois and Texas, and points in Montana west of Dupuyer and Butte, Mont.

(b) between points in that part of Maine south of a line beginning at the Atlantic Ocean, 5 miles north of Cutler, Maine, and extending in a westerly direction through Machias, Bangor, and Wilsons Mills to the Maine-New Hampshire State line, on the one hand, and, on the other, points in California and Utah. The purpose of this filing is to eliminate the gateway of the 25 mile radius of Boston, Mass.

(c) from points in New Hampshire and that part of Maine south of a line beginning at the Atlantic Ocean, 5 miles north of Cutler, Maine, and extending in a westerly direction through Machias, Bangor and Wilsons Mills to the Maine-New Hampshire State line, to points in Kentucky. The purpose of this filing is to eliminate the gateways of the 25 mile radius of Boston, Mass. and Philadelphia and Braddock, Pa.

(2) *heavy machinery*, which because of size or weight requires the use of special equipment, between points in New Hampshire and that part of Maine south of a line beginning at the Atlantic Ocean, 5 miles north of Cutler, Maine, and extending in a westerly direction through Machias, Bangor, and Wilsons Mills to the Maine-New Hampshire State line, on the one hand, and, on the other, points in Connecticut, Delaware, District of Columbia, Massachusetts, Rhode Island, South Carolina, Virginia and Vermont. The purpose of this filing is to eliminate

the gateways of the 25 mile radius of Boston, Mass., Worcester, Mass., Philadelphia, Pa., points in New Jersey, New York, and Virginia. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12213 published in the FEDERAL REGISTER of May 15, 1974.

MC 109124 (Sub-No. 21) filed January 31, 1975. Applicant: SENTLE TRUCKING CORPORATION, 3423 Genoa Road, Perrysburg, Ohio 43551. Applicant's representative: John P. McMahon, 100 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) *Roofing materials and supplies* from East Chicago, Indiana to points in New York, West Virginia, Kentucky, and those in Bucks, Chester, Crawford, Delaware, Erie, Lehigh, Mercer, Monroe, Montgomery, Northampton, Philadelphia, Pike and Wayne Counties, Pennsylvania. The purpose of this filing is to eliminate the gateway of the plant site of the Celotex Corporation at Port Clinton, Ohio. (2) *Building material lime*, dry and in bulk, from Chicago, Chicago Heights, Joliet, Waukegan and Wilmington, Illinois, and Lowell, South Bend and East Chicago, Indiana to points Kentucky, Michigan, Pennsylvania, West Virginia, and those in New York, except points in Kings, Queens, Nassau and Suffolk Counties, New York. The purpose of this filing is to eliminate the gateway of Maple Grove, Ohio and points within five miles thereof.

(3) *Building material lime*, quick or hydrated, in bulk from Chicago, Chicago Heights, Joliet, Waukegan and Wilmington, Illinois and Lowell, South Bend, and East Chicago, Indiana to points in Illinois, Indiana, Kentucky, Michigan, Missouri, Minnesota, New York, Ohio (except points in Cuyahoga, Geauga, Portage and Lorain Counties), Pennsylvania, West Virginia and that part of Wisconsin west or north of a line beginning at junction Interstate Highway 90 and the Illinois-Wisconsin State line, and extending along Interstate Highway 90 to junction U.S. Highway 151 at or near Maple Bluff, thence along U.S. Highway 151 to junction U.S. Highway 41 at or near Fond du Lac, thence along U.S. Highway 41 to junction U.S. Highway 45 (north of Oshkosh), thence along U.S. Highway 45 to junction Wisconsin Highway 22 at Clintonville, thence along Wisconsin Highway 22 to junction Wisconsin Highway 29 at Shawano, thence along Wisconsin Highway 29 at Green Bay, thence along U.S. Highway 141 to junction Wisconsin Highway 147, and thence along Wisconsin Highway 147 to the shore of Lake Michigan (at Two Rivers). The purpose of this filing is to eliminate the gateway of Buffington (Lake County), Indiana.

(4) *Plaster and plaster products, gypsum and gypsum products*, and lime from Grand Rapids, Michigan, to points in New York, West Virginia, Kentucky and points in Bucks, Chester, Crawford,

Delaware, Erie, Lehigh, Mercer, Monroe, Montgomery, Northampton, Philadelphia, Pike and Wayne Counties, Pennsylvania. The purpose of this filing is to eliminate the gateway of the plantsite of the Celotex Corporation at Port Clinton, Ohio.

(5) *Building material lime, limestone, and limestone products*, in bags and in bulk from Chicago, Chicago Heights, Joliet, Waukegan, and Wilmington, Illinois, and Lowell, South Bend and East Chicago, Indiana to Port Allegheny, Pa., and points in that part of Pennsylvania on and west of U.S. Highway 219, points in New York, and points in that part of West Virginia on and west of U.S. Highway 219. The purpose of this filing is to eliminate the gateway of Carey and Broken Sword, Ohio.

(6) *Refractory products*, except commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading, from the plant site of Basic Incorporated, at or near Maple Grove, Ohio, to points in that part of Pennsylvania on and west of a line extending from the Pennsylvania-New York State line along U.S. Highway 219 to junction U.S. Highway 6 (formerly U.S. Highway 219), thence along U.S. Highway 6 to Kane, thence along unnumbered highway (formerly U.S. Highway 129) to Wilcox, thence along U.S. Highway 219 to Somerset, thence along Pennsylvania Highway 31 to junction unnumbered highway (both formerly portions of U.S. Highway 219) thence along unnumbered highway to Berlin, thence along U.S. Highway 219 to the Pennsylvania-Maryland State line. The purpose of this filing is to eliminate the gateways of Allegheny and Beaver Counties, Pa.

(7) *Lime, limestone and limestone products* except commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading, from points in Ottawa and Sandusky Counties, Ohio to points in Allegheny and Beaver Counties, Pa. The purpose of this filing is to eliminate the gateway of Westmoreland County, Pa. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12237 published in the FEDERAL REGISTER of June 10, 1974.

MC 83745 (Sub-No. 6), filed February 3, 1975. Applicant: BOND TRANSPORT, INC., P.O. Box 548, Irwin, Pa. 15642. Applicant's representative: John A. Vuono, 2310 Grant Building, Pittsburgh, Pa. 15219. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (a) *Machinery and such commodities* as require specialized handling or specialized equipment because of their size and weight and (b) *self-propelled articles*, each weighing 15,000 pounds or more, and *related machinery, tools, parts and supplies* moving in connection therewith, between Chicago, Ill., on the one hand, and, on the other, points in Ohio,

those points in Illinois on and south of U.S. Highway 24, and Pittsburgh, Pa., and points within 25 miles thereof. The purpose of this filing is to eliminate the gateways at points in Ohio and Indiana. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12274 published in the FEDERAL REGISTER of July 31, 1974.

No. MC 107478 (Sub-No. 18), filed December 31, 1974. Applicant: OLD DOMINION FREIGHT LINE, 1791 Westchester Drive, P.O. Box 1189, High Point, N.C. 27261. Applicant's representative: J. T. Coon, P.O. Box 2006, High Point, N.C. 27261. Authority sought to operate as a common carrier by motor vehicle, over irregular routes, transporting: (1) *General commodities* (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading), between points in New Jersey, points in the Philadelphia, Pa. Commercial Zone as defined by the Commission, Providence, R.I., Corning, N.Y., points in that part of New York within 150 miles of Newark, N.J., points in that part of Massachusetts on and east of U.S. Highway 5, and points in that part of Connecticut on and east of U.S. Highway 5, and those on U.S. Highway 1 between the New York-Connecticut State line and New Haven, Conn., on the one hand, and, on the other, points in Charleston, S.C. and points within 15 miles of Charleston, S.C. and points in Georgia (except Augusta), (2) *new furniture, beverage cases, wooden boxes, wooden crates, and wooden reels*, from points in New Jersey, points in the Philadelphia, Pa. Commercial Zone as defined by the Commission, Providence, R.I., Corning, N.Y., points in that part of New York within 150 miles of Newark, N.J., points in that part of Massachusetts on and east of U.S. Highway 5, points in that part of Connecticut on and east of U.S. Highway 5, and those on U.S. Highway 1 between the New York-Connecticut State line and New Haven, Conn., to points in Florida and points in Alabama on and east of a line extending from the Georgia-Alabama State line via Interstate 85 to Montgomery, Ala., thence along Alabama Highway 21 to Braggs, Ala., thence along Alabama Highway 28 to Camden, Ala., thence along Alabama Highway 41 to Nellie, Ala.

Thence along Alabama County Highway 12 to Lower Peachtree, Ala., thence along Alabama County Highway 35 to its junction with Alabama County Highway 27, thence along Alabama County Highway 84 to the Alabama-Mississippi way 43, thence along U.S. Highway 43 to Grove Hill, Ala., thence along U.S. Highway 84 to the Alabama-Mississippi State line, with no transportation for compensation or return except as otherwise authorized, and (3) *pipe and tubing, or pipe and tubing and pipe and tubing*

fittings, from points in New Jersey points in the Philadelphia, Pa. Commercial Zone as defined by the Commission, Providence, R.I., Corning, N.Y., points in that part of New York within 150 miles of Newark, N.J., points in that part of Massachusetts on and east of U.S. Highway 5, points in that part of Connecticut on and east of U.S. Highway 1, and those on U.S. Highway 1 between the New York-Connecticut State line and New Haven, Conn., to points in Florida, with no transportation for compensation on return except as otherwise authorized. The purpose of this filing is to eliminate the gateways of Baltimore, Md. and Washington, D.C. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12292 published in the FEDERAL REGISTER of August 28, 1974.

No. MC 11496 (Sub-No. 20), filed February 3, 1975. Applicant: TWIN CITY FREIGHT, INC., 2550 Long Lake Road, Roseville, Minn. 55113. Applicant's representative: Alan Foss, 502 First National Bank Bldg., Fargo, N. Dak. 58102. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: *General commodities* (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, livestock, commodities in bulk, and those requiring special equipment) (1) between points in Becker, Clay, Mahan, Norman, Otter Tail and Wilkin Counties, Minn. and points in Minnesota within 35 miles of Becker, Minn. (except Moorhead, Sundel, Bear Park, Rindal, Waukon and Plum, Minn. and points on Minnesota Highway 22 in Norman and Clay Counties, Minn.) on the one hand, and, on the other, points in Barnes, Billings, Burleigh, Cass, Dunn, Eddy, Foster, Golden Valley, Griggs, Kidder, McKenzie, McLean, Mercer, Morton, Oliver, Sheridan, Stark, Steele, Stutsman, Traill and Wells Counties, N. Dak. and points in that part of North Dakota on and north of U.S. Highway 2 (except points in those parts of the above-named North Dakota Counties south of Interstate Highway 94) and (2) between points in Barnes, Billings, Burleigh, Cass, Dunn, Eddy, Foster, Golden Valley, Griggs, Kidder, McKenzie, McLean, Mercer, Morton, Oliver, Sheridan, Stark, Steele, Stutsman, Traill and Wells Counties, N. Dak. (except points in that part of North Dakota south of Interstate Highway 94) on the one hand, and, on the other, points in that part of North Dakota on and north of U.S. Highway 2. The purpose of this filing is to eliminate the gateways at points in Fargo and Cass Counties, N. Dak., and Williston, N. Dak. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12296 published

in the FEDERAL REGISTER of September 5, 1974.

No. MC 564 (Sub-No. 11), filed February 1, 1975. Applicant: DUDLEY'S TRANSCONTINENTAL MOVERS, 2120 Adams St., Lincoln, Nebr. 68504. Applicant's representative: Gailyn L. Larsen, 111 South 14th Street, P.O. Box 81849, Lincoln, Nebr. 68501. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Household goods, as defined by the Commission, (1) between points in Utah on and east of U.S. Highway 91, on the one hand, and, on the other, points in Nebraska, Iowa, Missouri, Wisconsin, Minnesota, Michigan, Indiana, Illinois, Ohio, West Virginia, Virginia, North Carolina, Maryland, Delaware, New Jersey, New York, Pennsylvania, Connecticut, Rhode Island, Massachusetts, New Hampshire, Maine, and the District of Columbia. The purpose of this filing is to eliminate the gateways of Montrose, Delta and Gunnison Counties, Colo. (2) between Texas, Oklahoma, and Arkansas, on the one hand, and, on the other, points in Maine, New Hampshire, Massachusetts, Connecticut, Rhode Island, New Jersey, New York, Delaware, Maryland, Pennsylvania, Virginia, North Carolina, West Virginia, Ohio, Indiana, Michigan, Minnesota, Wisconsin, Illinois, Iowa, Nebraska, and the District of Columbia. The purpose of this filing is to eliminate the gateway of points in Kansas.

(3) between Grant County, Okla. and points in Kansas, on the one hand, and, on the other, points in Arkansas, Illinois, Indiana, Iowa, Kentucky, Minnesota, Ohio, Tennessee, Pennsylvania, New York, New Jersey, Delaware, Maryland, Virginia, West Virginia, North Carolina, Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine, Michigan, Wisconsin, and the District of Columbia. The purpose of this filing is to eliminate the gateway of points in Missouri south of U.S. Highway 54 and west of Missouri Highway 5 including points on the indicated portions of the highways specified. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12303 published in the FEDERAL REGISTER of September 12, 1974.

MC 1291 (Sub-No. 15), filed January 31, 1975. Applicant: VON DER AHE VAN LINES, INC., 600 Rudder Avenue, Fenton, Mo. 63026. Applicant's representative: Robert J. Gallagher, 1776 Broadway, New York, N.Y. 10019. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Household goods as defined by the Commission, (1) between California, New Mexico, Colorado, and Utah. The purpose of this filing is to eliminate the gateways at McKinley, San Juan, and Valencia, N. Mex. (2) between all of the above named points on the one hand, and, on the other, points in the United States (except

Alaska). The purpose of this filing is to eliminate the aforesaid New Mexico gateways and also the necessity to use Colorado or Nebraska as a gateway on certain shipments. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12309 published in the FEDERAL REGISTER of October 2, 1974.

MC 58287 (Sub-No. 4), filed January 31, 1975. Applicant: ALL ISLAND DELIVERY SERVICE, INC., 174 Cabot Street, West Babylon, N.Y. 11704. Applicant's representative: Donald E. Cross, 700 World Center Building, 918 Sixteenth St. NW., Washington, D.C. 20006. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: General commodities (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment), between points in Suffolk and Nassau Counties, N.Y., on the one hand, and, on the other, points in Somerset and Morris Counties, N.J.; and (2) pocket books and pocket book material and supplies, between Suffolk and Nassau Counties, N.Y., on the one hand, and, on the other, Pennsburg, Pa. and South Norwalk and Bridgeport, Conn. The purpose of this filing is to eliminate the gateway at New York, N.Y. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12325 published in the FEDERAL REGISTER of October 10, 1974.

MC 99396 (Sub-No. 3), filed January 31, 1975. Applicant: BYRNES L.I. MOTOR CARGO, INC., 136 Allen Boulevard, Farmingdale, N.Y. 11735. Applicant's representative: Robert R. Redmon, 5530 Wisconsin Avenue, Suite 1145, Chevy Chase, Md. 20015. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: General commodities (except those of unusual value, Classes A and B explosives, household goods as defined by the Commission, automobiles, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading), between points in Nassau and Suffolk Counties, N.Y., on the one hand, and, on the other, points in New Jersey within 15 miles of Columbus Circle, N.Y. The purpose of this filing is to eliminate the gateway at New York, N.Y. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12327, published in the FEDERAL REGISTER of October 10, 1974.

MC 4491 (Sub-No. 15), filed January 30, 1975. Applicant: GREAT COASTAL

EXPRESS, INCORPORATED, 501 South 14th Street, Richmond, Va. 23219. Applicant's representative: Harry J. Jordan, 1000 16th Street NW., Washington, D.C. 20036. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: General commodities (except those of unusual value, Classes A and B explosives, household goods as defined by the Commission, livestock, commodities in bulk, in tank vehicles, commodities requiring special equipment, and those injurious or contaminating to other lading), between points in Connecticut, on the one hand, and, on the other, points in Essex, Hudson, Bergen, Passaic, Union, Middlesex, Morris, Hunterdon, and Somerset Counties, New Jersey; points in Orange and Rockland Counties, New York; Ardmore, and Lansdowne, Pennsylvania; points in the New York, New York Commercial Zone, as defined by the Commission; points in the Philadelphia, Pennsylvania Commercial Zone, as defined by the Commission; points in the territory bounded by a line beginning at the Hudson River and extending in a southwesterly direction through Englewood, Ridgefield, Brookdale, Somerville, Glen Ridge, Summit, Raritan, Blawenburg, and Ewingville, New Jersey to Wilburtha, New Jersey, thence across the Delaware River to Yardley, Pennsylvania, thence over Pennsylvania Highway 432 to Philadelphia, Pennsylvania, thence across the Delaware River to Paulsboro, New Jersey, thence in an easterly direction through Mount Royal, Fairview, Tansboro, Atsion, Tabernacle, Lebanon, State Forest, Buckingham, Whiting, Keswick Grove, and Bayville, New Jersey to the Atlantic Ocean, thence in a northerly direction along the New Jersey coast and Hudson River to point of beginning, including points on said boundary line, points in New York, New Jersey, Pennsylvania, Delaware and Maryland, north of Baltimore, Md., on the following highways:

(a) U.S. Highway 1 from Baltimore, Md. to New York, N.Y., (b) U.S. Highway 40 from Baltimore, Md. to junction U.S. Highway 13, thence U.S. Highway 13 through Chester, Pa. to Philadelphia, Pa., and thence U.S. Highway 1 to New York, N.Y., (c) U.S. Highway 322 from Chester, Pa. to Bridgeport, N.J., thence Alternate U.S. Highway 130 to junction U.S. Highway 130, thence U.S. Highway 130 through Brooklawn, N.J. to Junction U.S. Highway 1, and thence U.S. Highway 1 to New York, N.Y., (d) U.S. Highway 40 from Baltimore, Md. to Junction New Jersey Highway 49 (also Delaware Highway 273 from Junction U.S. Highways 13 and 40 to New Castle, Del. including New Castle; and New Jersey Highway 49 from Pennsville, N.J. including Pennsville to Junction U.S. Highway 40), thence U.S. Highway 40 to Woodstown, N.J., thence New Jersey Highway 45 to Junction U.S. Highway 130, near Westville, N.J., thence U.S. Highway 130 through Brooklawn, N.J. to Junction U.S. Highway 1, and thence U.S. Highway 1 to New York, N.Y., Quantico, Va. and points in Richmond,

Louisa, Hanover, King and Queen, Mathews, Gloucester, James City, New Kent, King William, Charles City, Henrico, Goochland, Buckingham, Cumberland, Powhatan, Chesterfield, Prince Edward, Spotsylvania, Caroline, Essex, Northumberland, Lancaster, Middlesex, Stafford, King George, Westmoreland, Fluvanna, and Amelia Counties, Va., Richmond Deepwater Terminal, Va. as an extension of operations to and from Richmond, Va., points within eight miles of Petersburg, Va. and including Petersburg. The purpose of this filing is to eliminate the gateway at Fairfield County, Conn. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12332, published in the FEDERAL REGISTER of October 17, 1974.

No. MC 65088 (Sub-No. 4), filed February 3, 1975. Applicant: PAYARD MOVING AND TRANSPORTATION CORPORATION, 2615 25th Avenue, Gulfport, Miss. 39501. Applicant's representative: Donald B. Morrison, 717 Deposit Guaranty Bank Building, P.O. Box 2228, Jackson, Miss. 39205. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: General commodities (except articles of unusual value, household goods, Classes A and B explosives, commodities in bulk, and commodities requiring special equipment), between New Orleans, La. and Mobile and Bayou La Batre, Ala., on the one hand, and, on the other, points in George, Hancock, Harrison, Jackson and Stone Counties, Miss. The purpose of this filing is to eliminate the gateway of Gulfport, Miss. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12361 published in the FEDERAL REGISTER of November 20, 1974.

MC 76677 (Sub-No. 10), filed December 26, 1974. Applicant: HALLAMORE MOTOR TRANSPORTATION, INC., 795 Plymouth Street, Holbrook, Mass. 02343. Applicant's representative: Frank J. Weiner, 15 Court Square, Boston, Mass. 02108. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Plant, office, and store equipment and supplies, requiring specialized handling or rigging, between Brockton, Mass. and points in Massachusetts within 35 miles of Brockton, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateways of any point in New York within 75 miles of Syracuse, N.Y. (2) Plant, office, and store equipment and supplies, requiring specialized handling or rigging, between points in Massachusetts, Rhode Island, Connecticut, Vermont, New Hampshire, and Maine, on the one hand, and, on the other, points in New Jersey and Ohio.

The purpose of this filing is to eliminate the gateways of any point in New York within 75 miles of Syracuse, N.Y. (3) Road-building machinery and contractors' equipment, which because of size or weight requires special handling or the use of special equipment, between points in Connecticut, Maine, Massachusetts, New York, and Pennsylvania, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateways of any point in New York within 75 miles of Syracuse, N.Y.

(4) Road-building, contractors' materials and supplies, when transported together with road-building contractors' machinery and equipment which because of size or weight require special handling or the use of special equipment, between points in Connecticut, Maine, Massachusetts, New York, and Pennsylvania, on the one hand, and, on the other, points in Ohio. The purpose of this filing is to eliminate the gateways of any point in New York within 75 miles of Syracuse, N.Y. (5) Commodities, which because of size or weights, require special handling or rigging, between Boston, Mass. and points in Massachusetts within 50 miles of Boston, on the one hand, and, on the other, points in New York within 75 miles of Syracuse, N.Y. The purpose of this filing is to eliminate the gateway of New York, N.Y. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 Sub-No. 8 noticed in the FEDERAL REGISTER issue of December 9, 1974; and directly related to MC-F-12373 published in the FEDERAL REGISTER of December 11, 1974.

No. MC 69397 (Sub-No. 15), filed February 3, 1975. Applicant: JAMES H. HARTMAN & SON, INC., U.S. Route 13, P.O. Box 85, Pocomoke City, Md. 21851. Applicant's representative: Wilmer B. Hill, 805 McLachlen Bank Building, 666 Eleventh Street NW., Washington, D.C. 20001. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) Lumber, from Norfolk, Va., and points within 35 miles thereof, to points in New York, and New Jersey within 50 miles of New York, N.Y., and points in Pennsylvania east of the Susquehanna River. The purpose of this filing is to eliminate the gateways of points in Worcester and Somerset Counties, Md. (2) plywood, from Norfolk, Va., and points within 35 miles thereof, and points in Connecticut, Massachusetts, Rhode Island, North Carolina, New York (except those within 50 miles of New York, N.Y.), New Jersey (except those within 50 miles of New York, N.Y.), and those in Pennsylvania west of U.S. Highway 11. The purpose of this filing is to eliminate the gateway of points in Somerset County, Md. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12378 published in the FEDERAL REGISTER of December 18, 1974.

MC 5623 (Sub-No. 25), filed February 3, 1975. Applicant: ARROW TRUCKING CO., P.O. Box 7280, Tulsa, Okla. 74105. Applicant's representative: J. G. Dail, Jr., 1111 E Street NW., Washington, D.C. 20004. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Machinery, equipment, materials and supplies used in, or in connection with, the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their products and by-products and machinery, materials, equipment, and supplies used in, or in connection with, the construction, operation, repair, servicing, maintenance, and dismantling of pipelines, including the stringing and picking up thereof, except the stringing and picking up of main or trunk pipelines, and machinery, equipment, materials and supplies used in, or in connection with, the construction, operation, repair, servicing, maintenance, and dismantling of pipelines, other than pipelines used for the transmission of natural gas, petroleum, and their products and by-products, water, or sewerage, restricted to the transportation of shipments moving to or from pipeline rights of way, (1) between points in Colorado, Illinois, Kansas, Missouri, Nebraska, New Mexico, and Wyoming, on the one hand, and, on the other, points in Oklahoma and Texas; (2) between points in Colorado, Kansas, Nebraska, New Mexico, and Wyoming, on the one hand, and, on the other, points in Arkansas, Louisiana, and Mississippi. The purpose of this filing is to eliminate the gateway of the state of Kansas. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the FEDERAL REGISTER issue of December 9, 1974; and is directly related to MC-F-12381 published in the FEDERAL REGISTER issue of December 18, 1974.

No. MC 71536 (Sub-No. 11), filed February 6, 1975. Applicant: ARROW CARRIER CORPORATION, 160 Route 17, Rochelle Park, N.J. 07662. Applicant's representative: A. David Millner, 160 Broad Street, Newark, N.J. 07102. Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: (1) General commodities (except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other loading), between points in the New York, N.Y. Commercial Zone, as defined by the Commission in 1 M.C.C. 665, those in Bergen, Passaic, Essex, Union Counties, N.J. and those in Middlesex County, N.J. north of the Raritan River, those in Albany, Rensselaer, Greene, Ulster, Orange, Rockland, Columbia, Dutchess, Putnam, Sullivan, Delaware, and Westchester Counties, N.Y., Matamoras, and Philadelphia, Pa. and points within 15 miles of Philadelphia, Pa., and Claymont.

Delaware, on the one hand, and, on the other, points in Massachusetts, Rhode Island and Connecticut and (2) *general commodities*, except brick, coal and coke, coin, currency, valuable papers, gems or other articles of extraordinary value, conduits or pipe (clay or terra cotta), cut glass, dangerous explosives, fireworks, fish fresh or frozen, flowers, fruits, fresh vegetables, furs, compressed gases, gasoline or other inflammable liquids or articles, hides, skins or pelts, livestock and live poultry, motion picture films, sand, gravel or crushed stone for building material purposes, X-ray machines, or tubes, commodities in bulk in tank trucks or dump trucks, commodities which are contaminating or injurious to other loading, commodities exceeding ordinary equipment and loading facilities, or unavailable for transportation by truck, and household goods as defined in *Practices of Motor Common Carriers of Household Goods*, 17 M.C.C. 467, over regular and irregular routes, between points in Hudson County, N.J. and those points in Morris, Somerset, Middlesex (other than those north of the Raritan River) and Monmouth Counties, N.J. which are within 25 miles of Columbus Circle, New York, N.Y., on the one hand, and, on the other, points in Massachusetts, Rhode Island and Connecticut. The purpose of this filing is to eliminate the gateways of Westchester and Putnam Counties, N.Y. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 45 (Sub-No. 8) noticed in the *FEDERAL REGISTER* issue of December 9, 1974; and is directly related to MC-F-12419 published in the *FEDERAL REGISTER* of February 5, 1975.

No. MC 125433 (Sub-No. 57), filed February 5, 1975. Applicant: F-B TRUCK LINE COMPANY, a corporation, 1945 South Redwood Road, Salt Lake City, Utah 84104. Applicant's representative: David J. Lister (same address as applicant). Authority sought to operate as a common carrier by motor vehicle, over irregular routes, transporting: (1) *building material and fencing materials*, between points in California, Washington, Oregon north of the 44th parallel,

Idaho, Montana on and west of a direct north and south line extending from the northwest corner of Wyoming to the United States-Canada boundary line, Wyoming west of the Continental Divide, Nevada east of a line extending north and south through McDermitt, Nevada, including Winnemucca, Nevada, Arizona, and Utah, on the one hand, and, on the other, points in Nebraska, Iowa, Kansas and Missouri, (2) *farm machinery and used farm equipment* when of unusual size or weight, between points in Oregon, Washington, Idaho, Montana, Utah, Wyoming, Nevada other than Mineral County, and Arizona, on the one hand, and, on the other, points in Nebraska, Iowa, Kansas and Missouri, (3) *pipe and iron and steel articles* when used as irrigation supplies, between points in California, Washington, Oregon north of the 44th parallel, Idaho, Montana, Wyoming, Utah, Nevada other than Mineral County and Arizona, on the one hand, and, on the other Nebraska, Iowa, Kansas and Missouri, and (4) *machines*, other than farm, maximum 5,000 pounds each, of unusual size and weight, between points in California, Oregon north of 44th parallel,

Washington, Idaho, Montana, Wyoming, Nevada other than Mineral County, Arizona and Utah, on the one hand, and, on the other, points in Nebraska, Iowa, Kansas and Missouri. The purpose of this filing is to eliminate the gateways of Utah and Julesburg, Colo. This application is a gateway elimination request filed pursuant to the Commission's Policy Statement in Ex Parte No. 55 (Sub-No. 8) noticed in the *FEDERAL REGISTER* issue of December 9, 1974; and is directly related to MC-F-12433.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.75-5718 Filed 3-3-75;8:45 am]

[Notice No. 27]

TEMPORARY AUTHORITY TERMINATION

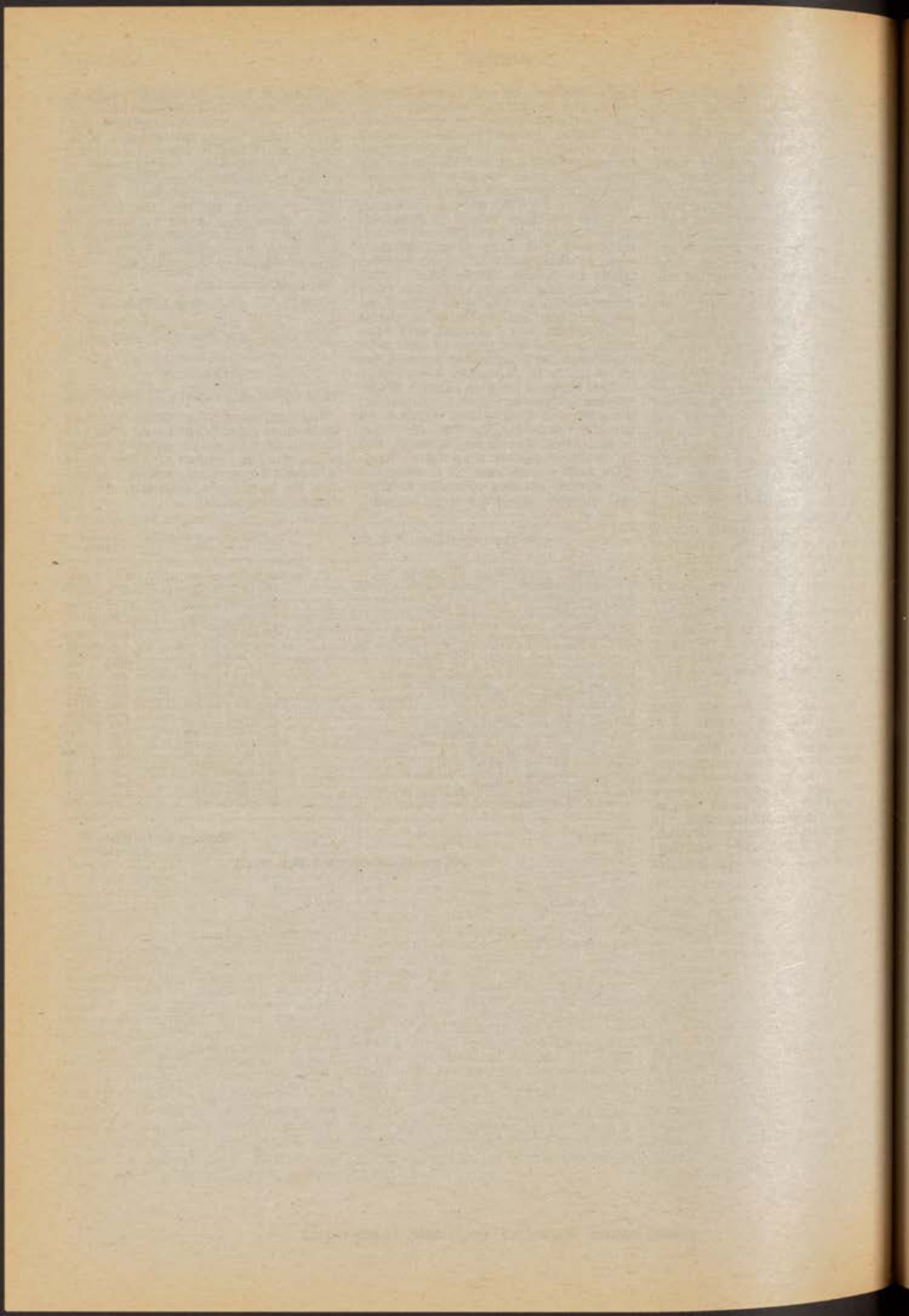
The temporary authorities granted in the dockets listed below have expired as a result of final action either granting or denying the issuance of a Certificate or Permit in a corresponding application for permanent authority, on the date indicated below:

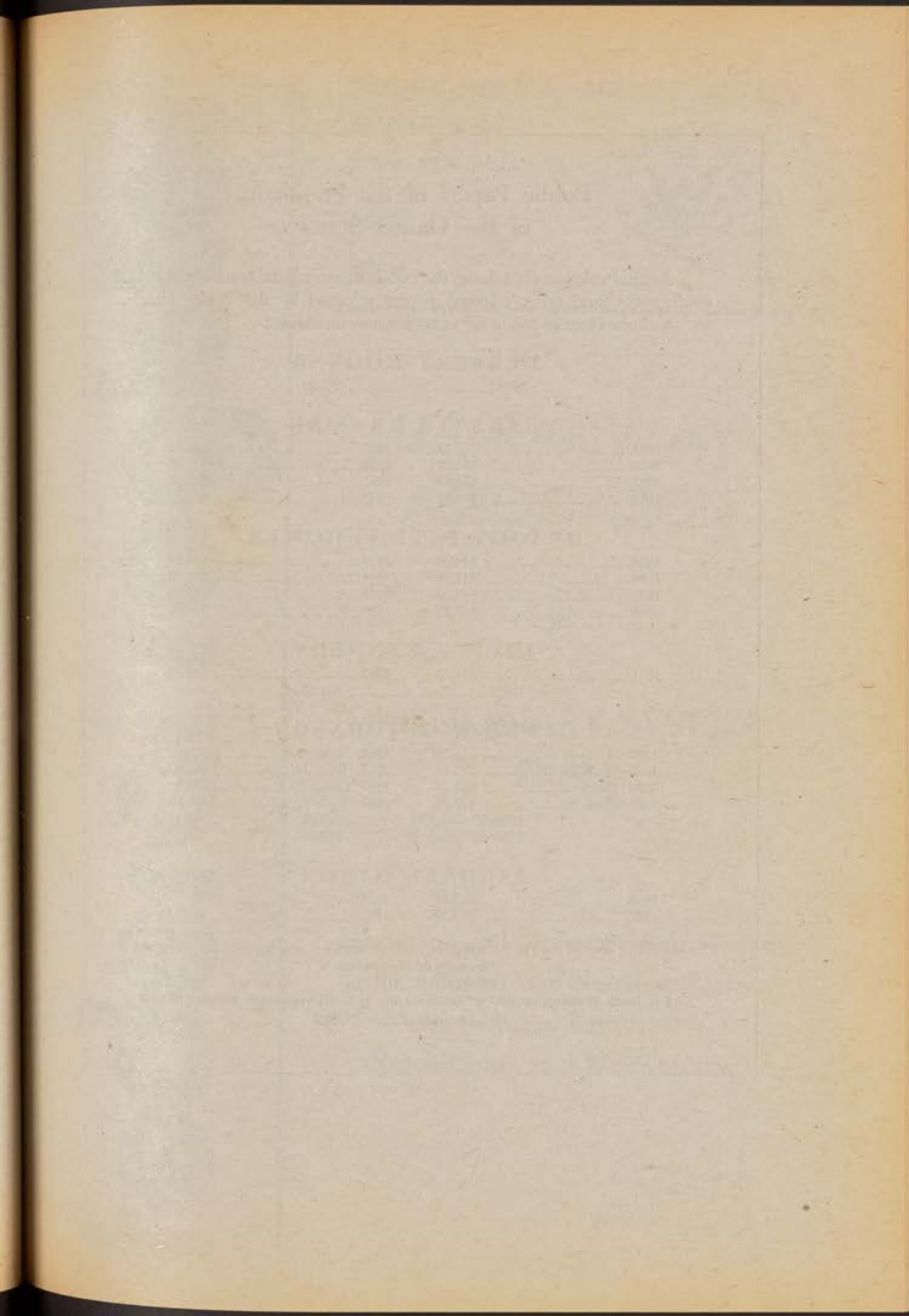
Temporary authority application	Final action or certificate or permit	Date of action
Interstate Motor Freight System, MC-35028 Sub 356	MC-35028 Sub-357	Dec. 24, 1974
G & H Transportation Co., MC-83339 Sub 370	MC-83339 Sub-366	Apr. 3, 1974
Bass Transportation Co., Inc., MC-87720 Sub 130	MC-87720 Sub-135	Do.
Schilli Motor Lines, Inc., MC-106674 Sub 94	MC-106674 Sub-97	Apr. 18, 1974
Bulk Carriers, Inc., MC-107010 Sub 43, 44	MC-107010 Sub-46	Apr. 22, 1974
Pre-Fab Transit, Inc., MC-107295 Sub 643	MC-107295 Sub-648	Do.
Armored Motor Service Corp., MC-107882 Sub 29	MC-107882 Sub-30	Apr. 1, 1974
Chemical Leaman Tank Lines, Inc., MC-110525 Sub 1062	MC-110525 Sub-1050	Apr. 3, 1974
Commercial Carriers, Inc., MC-110639 Sub 17	MC-110639 Sub-18	Apr. 10, 1974
DBA, Contract Trucking Co., MC-111214 Sub 10	MC-111214 Sub-11	Apr. 9, 1974
Midwest Coast Transport, Inc., MC-111812 Sub 492	MC-111812 Sub-495	Apr. 15, 1974
McKenzie Tank Lines, Inc., MC-112520 Sub 269	MC-112520 Sub-270	Apr. 17, 1974
Chemical Transport, Inc., MC-112769 Sub 4	MC-112769 Sub-5	Apr. 9, 1974
Bray Lines, Inc., MC-112822 Sub 267	MC-112822 Sub-270	Mar. 29, 1974
Bray Lines, Inc., MC-112822 Sub 275	MC-112822 Sub-271	Apr. 19, 1974
Arlington J. Williams, Inc., MC-113024 Sub 105	MC-113024 Sub-119	Dec. 31, 1974
Trans-Cold Express, Inc., MC-114045 Sub 381	MC-114045 Sub-380	Apr. 22, 1974
Warren Transport, Inc., MC-114211 Sub 202	MC-114211 Sub-198	Apr. 18, 1974
Dart Transit Co., MC-114457 Sub 153	MC-114457 Sub-148	Dec. 25, 1974
Apple Lines, Inc., MC-114632 Sub 51	MC-114632 Sub-52	Apr. 11, 1974
Tennessee Cartage Co., Inc., MC-115654 Sub 20	MC-115654 Sub-19	Apr. 30, 1974
Erwin Hurner, MC-115876 Sub 25	MC-115876 Sub-27	Apr. 23, 1974
Petroleum Carrier Corp., MC-126736 Sub 63, 64	MC-126736 Sub-65	Dec. 23, 1974
Raymond Boyce Honeycutt MC-139507 Sub 1	MC-139507 Sub-2	Dec. 15, 1974

[SEAL]

ROBERT L. OSWALD,
Secretary.

[FR Doc.75-5541 Filed 3-3-75;8:45 am]





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WASHINGTON, D.C.

Volume 40 ■ Number 43

PART II

Volume 1



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U.S. RAILWAY ASSOCIATION



PRELIMINARY SYSTEM PLAN

Identification of Necessary Rail Services
in the Midwest and Northeast Regions,
and Proposed Restructuring,
Rehabilitation and Modernization

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U.S. RAILWAY ASSOCIATION

PRELIMINARY SYSTEM

PLAN

Identification of the various rail systems
in the United States and foreign regions.
The following is a list of the
railroads and their locations.

U.S. RAILWAY ASSOCIATION
1900

PRELIMINARY SYSTEM PLAN, VOLUME I
for restructuring
Railroads in the Northeast and Midwest Region
pursuant to the
REGIONAL RAIL REORGANIZATION ACT OF 1973

February 26, 1975

PRELIMINARY SYSTEM PLAN, VOLUME 1
for restructuring
Railroads in the Northeast and Midwest Region
Pursuant to the
REGIONAL RAIL REORGANIZATION ACT OF 1975

February 28, 1975

TABLE OF CONTENTS

VOLUME I

FOREWORD by ARTHUR D. LEWIS

PART 1 Background and Summary

Chapter		Page
1	The Economic Decline of the Railroad Industry.....	1
2	Goals and Issues Underlying the Preliminary System Plan.....	11
	Summary and Conclusions.....	17

PART 2 Presentation of the Preliminary System Plan

3	The Regional Rail System.....	31
4	Coordination with Solvent Railroads.....	51
5	Operating the Restructured Rail System.....	55
6	Facilities and Equipment Evaluation and Planning.....	69
7	Light-Density Lines and Their Impact on Communities.....	95
8	Intramodal and Intermodal Competition.....	107
9	Marketing Rail Freight Service.....	123
10	Availability of Service by Alternate Modes.....	137
11	Factors Affecting Environmental Assessment of the System Plan.....	145
12	Manpower Requirements and Policies.....	157
13	Passenger Service in the Region.....	167

PART 3 Financial Assessment of the Preliminary System Plan

14	Financial Analysis of the Preliminary System Plan.....	193
15	Financial Programs Under the Act.....	213

PART 4 Appendixes

A.	The Regional Rail Reorganization Act of 1973.....	221
B.	Financial Condition of the Railroad Industry.....	243
C.	Industry Structure.....	251
D.	Coordination Projects.....	259
E.	Operations Planning Studies.....	277
F.	Intermodal Services.....	295
G.	Concept for Passenger Service.....	303
H.	Federal Subsidies to Non-Rail Transportation.....	309
I.	Selected Sources.....	321

VOLUME II

PART 5 Light-Density Lines and Railroad Marine Operations

16	The Problem of Light-Density Lines.....	327
17	Light-Density Line Study Procedure.....	345
18	Railroad Marine Operations.....	353

PART 6 Appendixes

J.	Community Impacts of Rail Service Abandonment.....	369
K.	Line-by-Line Analysis and Recommendations.....	379

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UNITED STATES RAILWAY ASSOCIATION

BOARD OF DIRECTORS

The approval, adoption and release of this Preliminary System Plan is an act of the Association's entire Board. In joining in this unanimous act, not every member of the Board necessarily concurs in every statement or determination in the report.

Arthur D. Lewis, *Chairman*

Gale B. Aydelott
Chairman and President, Denver & Rio Grande Western Railroad
Recommended by the Association of American Railroads

Frank H. Blatz, Jr.
Attorney, Former Mayor of Plainfield, New Jersey
Recommended by National League of Cities and U.S. Conference of Mayors

John W. Barnum
Deputy Secretary of Transportation representing the Secretary

James E. Burke
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Edward G. Jordan, *President*

Another copy of this report, if needed, may be obtained by addressing a postal card or letter to the United States Railway Association, Office of Public and Governmental Affairs, Room 2110, 2100 Second Street, SW, Washington, D.C. 20595. Be sure the post card or letter shows the name of the requestor and the complete mailing address, including ZIP code. Telephonic requests may also be made by calling (202) 426-4250.

Foreword

On January 2, 1974 the Regional Rail Reorganization Act of 1973 (the Act) became law. It was passed in response to a threat to the Nation's transportation system posed by the bankruptcy of eight railroads in the Northeast and Midwest, including the Nation's largest transportation company, the Penn Central Transportation Company. The Act reflected a growing conviction that the ordinary processes of individual railroad reorganizations under Section 77 of the Bankruptcy Act were inadequate to assure a continuing rail system in the Northeast and Midwest region (the Region). The Penn Central bankruptcy occurred in June 1970, just two years after the merger of the Pennsylvania and New York Central railroads. Other bankrupt carriers are the Ann Arbor, Erie Lackawanna, Boston & Maine, Central of New Jersey, Lehigh Valley, Reading and the Lehigh & Hudson River.

It was the Penn Central's collapse which focused the Nation's attention on the Northeast rail situation. Penn Central alone employed over 90,000 people and operated some 20,000 miles of railroad covering 16 States, the District of Columbia and two Canadian provinces. Included in the Penn Central's territory are 55 percent of the Nation's manufacturing plants and 60 percent of its manufacturing employees. An integral part of the Nation's transportation system, the Penn Central handles more than 20 percent of all the freight cars loaded in the United States. Over 70 percent of its traffic interchanges with other railroads. It is the Nation's leading carrier for the transportation of automobiles, chemicals, metals, coal and manufactured consumer products. Moreover, the eight bankrupt carriers employed almost 120,000 persons, a quarter of all rail employees in the United States.

Most of the Region's railroad bankruptcies differ from earlier railroad insolvencies in one essential respect. Until the 1960's railroad bankruptcies typically were the result of an inability of the railroads to carry debt costs. There were multiple reasons for such financial difficulties, but the point is that reorganization of the debt structure of the bankrupt railroads was adequate to reestablish an ongoing corporate structure and ensure continuing rail service. The causes of the present railroad bankruptcies are more complex and the consequences more severe. The bankrupt roads today are unable to pay taxes or cover operating expenses in spite of the fact that they often drastically curtailed maintenance

of their physical plant. This deferred maintenance expense results in even further revenue loss and increased operating expenses. The problems of Penn Central and other bankrupt railroads require more than traditional reorganization procedures.

The reasons underlying the current financial difficulties of the Region's carriers are discussed at some length in the body of this report. Essentially, the current bankruptcies are the result of fundamental forces affecting profitability of the entire rail industry—forces which have had their greatest adverse impact in the Northeast and Midwest Region. It is generally agreed that management had some responsibility for the failure of the Penn Central. But to put the primary responsibility on management would wrongly conceal the underlying problem. It would mask the need to deal with the broader issues which will adversely affect the long-term financial condition of the industry as a whole, including ConRail and the restructured eastern roads envisioned by the Act. A Senate Commerce Committee special staff report prepared in 1972 stated that:

"While a study of the Penn Central results in a strong indictment of its management, it would be a mistake to end the examination with the conclusion that management failures were the principal reasons for the railroad's downfall . . . (T)he environmental circumstances (economic and competitive) surrounding the Pennsylvania Railroad, the New York Central Railroad, and the Penn Central Railroad were so burdensome that it is not easy, nor perhaps valid, to conclude that a different management would have prevented the collapse of the Penn Central. . . ."¹

During the first 3 years of the Penn Central bankruptcy, it was believed that the carrier's financial problems could be overcome within the existing framework of Section 77 of the Bankruptcy Act. Early in 1973, however, the Penn Central trustees reported to their reorganization court that substantial governmental assistance would be needed to upgrade Penn Central's plant and equipment so as to permit obtaining the increased traffic necessary for a successful Section 77 reorganization. This amount later was estimated at between \$600 and \$800 million.

Congress responded to the bleak Penn Central situation by passing a joint resolution in February 1973 directing the Secretary of Transportation to submit, within 45 days, a "report which . . . provides a full and

¹ U.S. Congress, Senate, Committee on Commerce, *The Penn Central and Other Railroads*. Committee Print, 92d Cong., 2d sess., 1972, p. 135.

comprehensive plan for the preservation of essential rail transportation services of the Northeast. . . . Before such a report could be drafted, the presiding judge in the bankruptcy proceeding, Judge Fullam, issued an Order on March 6, 1973 expressing his concern that continued operation of the Penn Central would violate the Fifth Amendment rights of creditors. This Order directed the Penn Central trustees to file either a plan of reorganization or a proposal for liquidating the railroad.

Faced with a possible liquidation of the Penn Central, Congress undertook the extensive deliberations which led to the passage of a new reorganization act tailored to the needs of the bankrupt carriers.

The Regional Rail Reorganization Act of 1973 is what its name specifically implies. It shortens the normal bankruptcy process by giving special powers and responsibilities to the United States Railway Association (USRA), to the Rail Services Planning Office (RSPO) of the Interstate Commerce Commission (which it created), to the Secretary of Transportation and to the newly created Special Court. These powers are in addition to those available to a normal Section 77 Bankruptcy Court, and indeed the purposes of the Act are considerably broader than those of previous bankruptcy statutes. A basic goal of the Act is to take the several bankrupt railroads found to be incapable of individual reorganization under Section 77 and reorganizing and consolidating their essential rail properties into a financially self-sustaining rail company. In turn, securities of the new company and other benefits are to be provided to creditors of the bankrupt railroads, in exchange for those rail properties designated for use in continued rail service under the reorganization plan. A successful reorganization requires creation of an ongoing rail company with earning ability (combined with other benefits available under the Act) sufficient to underwrite the securities of the new company and hence to compensate the creditors adequately for properties transferred to the planned system. The transfer of designated property is mandatory following acceptance of the Association's Final System Plan by Congress.

The claimants of the Penn Central already have tested the constitutionality of the Act. They contended that the ultimate value of the stock or securities of ConRail would not be equal to the "constitutional minimum" value of their property. Following an expedited appeal schedule, the Supreme Court of the United States upheld the constitutionality of the Act. The Court held, in effect, that should the securities and benefits of the Act be inadequate, the creditors could then bring an action against the United States government in the Court of Claims for any deficiencies. In addition, the Special Court established by the Act has found that the Act, in conjunction with a Court of Claims remedy, provides a

"fair and equitable" process for compensating the creditors.

The Act provides for many imaginative and innovative solutions in the effort to avoid the catastrophe that would result from cessation of most of the railroad operations in the Northeast. These provisions include reduction of the delays and uncertainties characteristic of Section 77 proceedings, mergers and discontinuance of uneconomic rail service. The Act also provides governmental assistance in meeting labor protection costs. Most important, it provides funds for rehabilitation and modernization of neglected physical plant and subsidy of rail lines which generate too little traffic to warrant continuation with purely private financial backing. The Act also provides subsidies to continue operation of the bankrupt carriers during the planning process until a successor operation could take over.

At the time of the Act's passage, railroad bankruptcies were geographically limited. The Act applied, therefore, only to railroads in reorganization under Section 77 of the Bankruptcy Act in a region that can be generally described as the Northeastern United States—from the Canadian border on the North to Virginia, West Virginia and the Ohio River on the South; from the Atlantic Ocean on the East to Michigan and Illinois on the West.

Three new entities were provided for by the legislation. First, there is the United States Railway Association, which has the duty to develop a "Final System Plan" providing for the reorganization of rail services and the disposition of rail properties of the bankrupt railroads. It is authorized to issue obligations totaling not more than \$1.65 billion to be used for making loans to assist in carrying out the Act.

Second, the Act established a Rail Services Planning Office in the ICC to evaluate the reports of the Secretary of Transportation and USRA, to assist communities and users of rail service which might not otherwise be adequately represented in the evaluation process, to publish standards for various costing and subsidy calculations, and to assist States and other agencies in determining whether to provide rail service continuation subsidies.

Third, the Act provides for the creation of a new for-profit corporation, Consolidated Rail Corporation (ConRail), to acquire and operate the rail properties conveyed to it under the "Final System Plan."

A timetable for accomplishing specific tasks is set forth in the Act, and the Association is required to devise a Preliminary System Plan by February 26, 1974. This report contains that Plan.

On January 9, 1975, trustees of the Erie Lackawanna Railroad, a railroad in reorganization, made known to the Association their desire to be included in the reorganization planning process. This report reflects inclusion of the Erie Lackawanna, but in certain key areas it has been impossible to include the full impact of such a

change in the planning process. In the interim between issuance of the Preliminary and Final System Plans, a supplemental report on certain specific elements such as an analysis of Erie Lackawanna branch lines will be issued for public comment.

The financial projections included in this report are predicated on a continuation of the level of traffic, revenues and expenses the industry has experienced in the last 2 years. The Association has tried to assemble the best available data and has commissioned reputable outside experts to aid in the presentation of forecasts of traffic and inflation factors.

It is impossible to determine at this time the extent and duration of the current business recession. The recession will have significant direct effects on ConRail operations and financial performance in its initial years. These distortions cannot be reflected fully in USRA's present estimates of ConRail's financial performance.

The Association believes that with a proper expenditure of funds, a good management, more flexibility in pricing its services and relief from debilitating losses from unprofitable branch lines and passenger services conducted for Amtrak and local communities, we can forecast a profit for ConRail that would be about equal to the average rate of profitability for the major solvent railroads in the Nation. Even these carriers, however, earn only a marginal return on the investment required and the gross volume of business conducted; ConRail can do no better.

Whether this result can be brought about, however, will depend on many factors outside the planning process. As one studies the Association's Preliminary System Plan, it will become evident that there are no simple solutions in revitalizing the bankrupt railroads. The economics of the industry cannot be changed overnight. Recessions such as the one we are now experiencing can drain the rail system while periods of economic expansion have done no more than permit realization of a very modest profit for the industry as a whole.

The Association can only plan a system and recommend methods of financial assistance. Others will have to share in the creation of an environment favorable to an economically viable rail system for the Nation. The industry itself collectively must do those things which bring about a major improvement in utilization of cars, facilities and equipment. Future profitability of the industry also will depend in part on increases in productivity of people; organized rail labor must find a way to contribute to that increased productivity. Existing relationships of the Region's railroads to their customers and to the government will have to be altered. Shippers and passengers will have to bear a larger share of the costs of providing rail services. A small number of communities and shippers will have to be prepared to forego rail service where the provision of such service is no longer economical and subsidy funds are not forth-

coming. In general, a vigorous effort must continue to identify those transport markets which rail serves best and to adopt rail service and operations to such optimal economic functions.

In addition to the individual and local responsibility described above, federal, state and local governments must be prepared to change their policies toward transportation. Ultimately, economic viability for all transportation is a function of a realistic recognition of the necessity for the industry, and those who use it, to pay its costs and permit it to obtain a reasonable profit. If fundamental changes are not made in these factors, and those enumerated above, an alternative is nationalization, a solution no more desirable now than it has been in the past.

The Regional Rail Reorganization Act contemplated that this report and the plan which it describes would be "preliminary", and the Association wishes to stress the aptness of that description. The February 26 statutory deadline has given the Association less than eight months from the date the Board of Directors took office to conduct a transportation planning effort of unprecedented complexity. During the period between the release of this report and the completion of the Final System Plan, USRA will continue the collection and refinement of relevant data and will develop more fully aspects of the rail services plan which now are tentative. Within the next 60 days, the RSPO is to hold public hearings on the Plan and send to the Association an evaluation of public testimony as well as its own evaluation of the Preliminary System Plan. At the same time, the ICC will consider whether proposed acquisitions by solvent carriers meet the requirements of Section 5 of the Interstate Commerce Act. The Final System Plan is to be adopted by the Executive Committee of the Association's Board of Directors not later than June 26 and presented to the entire Board for its approval. On that same date the Final System Plan will be forwarded to the Interstate Commerce Commission. By July 26, 1975 the Plan is to be submitted to Congress for its consideration. The Association will not hesitate to revise or amplify what is being presented in this report should additional analysis or improved data point to new or better ways of providing adequate rail transportation service to the Region in keeping with the mandate of the Act.

This Preliminary System Plan raises many issues for public debate and offers recommendations for many but not all of the significant questions that are posed. The public discussion to follow publication of the Plan will aid in developing the Association's recommendation in the Final System Plan.

For the Board of Directors

Arthur D. Lewis
ARTHUR D. LEWIS, Chairman

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VOLUME I—PART 1

Background and Summary

VOLUME I—PART I

Background and Summary

1

The Economic Decline of the Railroad Industry

Essential to an understanding of the United States Railway Association's Preliminary System Plan is an appreciation of the economic history of the rail industry. The railroads played a key role in the rapid expansion and development of this country during the 19th and early 20th centuries. Over the last 50 years, however, a far different picture has evolved.

Since 1947, the railroad industry has experienced an 80 percent decline in passenger revenue miles. During the same period, freight revenue ton-miles increased by only 30 percent, as opposed to an increase in the gross national product of 170 percent. As competing technologies matured and public policy accommodating those technologies came into being, the railroad industry in the Northeast and Midwest Region was unable to respond fully to changing economic trends.

There is no single cause of the bankruptcies in the Region and, therefore, no single remedy. But problems which have beset the rail industry in general are uniquely combined in the Region. Each factor contributing to the current state of rail service must be addressed satisfactorily

if the industry is to be restored to a competitive, constructive position and provide the nation with safe and efficient service.

Chapter 1 explores those major economic factors affecting the rail industry's decline, particularly in the Region. Appendix B, a supplement to this Chapter, details the current financial condition of the industry.

The nation's railroads were the marvel of an earlier day. Rail technology opened the West, giving access to millions of acres of wilderness. The national rail system grew from 767 miles of rail along the Atlantic seaboard in 1835 to a 254,000 mile intercontinental network at its peak in 1916. The rail construction era was finished for the seaboard states by 1900 and soon afterward for the remainder of the Northeast states.

Much of the rail plant was constructed to meet local needs rather than to serve regional or national transport functions. Coordination of rail lines was minimal and, as a result, the present network is not the most efficient system that could have been designed. The rail system today retains much of its early duplication and complex ownership.

Railroads were the first of the modern transportation technologies to develop. In the absence of a competing technology, the rail system of the 19th Century provided a comprehensive array of transportation services, including both freight and passenger services. Railroads provided the only way to develop an area intensively either for agricultural or industrial uses. More than any other factor, the railroads linked the regions of this country into a transcontinental economy.

During World War I, railroads were vital in this country's role of providing material to the allies. They continued to be the dominant intercity form of transportation throughout the decade of the 1920's. Their market position was reflected in their financial strength and the value of their equity and debt securities. The railroads were truly one of America's great industries.

Over the last half-century, however, a far different industry has evolved. Although railroads continue to be the largest carrier of intercity freight in terms of ton-miles, they no longer dominate intercity transportation. Efficient competing systems of transportation have eroded the rail traffic base. The last period of heavy reliance on railroads occurred in World War II when the rail system mobilized to handle greatly expanded traffic and again supported a nation at war. Gasoline and rubber rationing limited the use of the private automobiles, trucking was in relative infancy and the inland waterway network was less extensive than it is today.

After World War II, the competitive position of the railroads deteriorated. Revenue passenger miles de-

clined 80 percent from 1947 to 1973 in spite of explosive growth in passenger travel generally. Railroad's market share of perishable agricultural produce and higher-rated manufacturing products declined significantly. During the post-war period the growth of the railroad has lagged behind the economy in general. In 1947 the railroads carried nearly two-thirds of the intercity freight; by 1973 that share had dropped to 39 percent. During the same period, when the gross national product grew approximately 170 percent (after adjusting for inflation) and while industrial production grew 219 percent, total U.S. rail revenue ton miles grew only 30 percent while ton miles carried in the Eastern District (see Chapter 10, Figure 4 for definition of Eastern District) actually declined 17 percent.

Sluggish traffic and revenue growth have depressed the railroads' financial performance. Railroad earnings today are only three-quarters of their 1947 level (again, after adjusting for inflation). For many years the cash generated by the American railroads has not been sufficient to meet capital requirements of the industry, and the return on investment has not been sufficient to enable the railroads to finance capital expenditures by selling common stock.

The general decline in market share and the accompanying financial problems of railroads are most severe in the Northeast. Eight carriers in the Northeast and Midwest are bankrupt; several elsewhere in the country are in precarious financial condition, but none are bankrupt. Six of the bankrupt railroads cannot meet their operating and maintenance expenses.¹

Causes for the Decline

Much of the discussion surrounding the plight of America's railroads, and particularly the financial collapse of the Penn Central, fails to grasp the complexity of the issue. There is no single cause and no simple solution. Underlying all aspects of this problem is the significant difference in the degree of public support est-

¹ The courts have determined that these six carriers cannot be reorganized on an income basis within the provisions of Section 77 of the Bankruptcy Act, and they were included in the USRA plan at the outset. Trustees of a seventh, the Erie Lackawanna, recently stated that the line cannot be reorganized on an income producing basis and have petitioned Congress to permit reclassification as a railroad in reorganization under the Act. The Boston & Maine reorganization court determined that it can be reorganized under normal procedures.

forced by the various transportation systems (see Appendix H). Railroad's ills cannot be traced to one or another single cause, nor can these causes be readily corrected. The current economic condition of the railroads is attributable to many complex and interrelated factors, among the more important of which are:

- The virtual explosion of the technology of rival forms of transportation since 1920, which radically changed the competitive position of the rail industry. In contrast, the rate of technological development of the rail industry has been slow, reflecting its relative maturity.

- Massive public support for the newer auto, truck, barge and airline technologies through provision of public funds for ground facilities and rights-of-way. Only a portion of these costs are repaid by user charges.

- Basic changes in underlying market conditions as industry locations shifted and traffic flows declined and heavy industry and agriculture gave way to a service-oriented, high technology economy.

- The inability of the railroad industry to adjust to changing market conditions because its facilities are tied in place, because the regulatory climate constrained management's flexibility in setting rates, in merging and in abandoning obsolete properties and lines and because of loss of traffic to other modes of transportation. Public law prevented the rail industry from developing unified systems of transportation using many different methods of moving goods.

- The preoccupation of some rail managements with operating problems while neglecting the development of modern marketing practices. An additional factor is the inability of management and labor to agree on methods for improving labor productivity following implementation of innovations wholly or partially designed to economize labor costs.

- The industry generally has had insufficient internal funds to maintain and upgrade its facilities nor have private capital or public funds been available. The result has been deferred maintenance, which has further weakened the competitive position of the lines involved. Thus, the vicious cycle is complete.

All these problems must be attacked if satisfactory rail freight service is to exist in the future. The problems attributable to a failure of operations or management must be corrected within the industry. Public policy burdens must be resolved and policies revised. Government must grant the railroad industry the flexibility to adjust where competing technologies have altered the competitive position.

All this can be done. Furthermore, it can be done within the framework of private ownership and operation, but it will take a prudent planning phase, a reasonable commitment of public funds, realistic revisions

in national transportation policy and the genuine cooperation of the industry.

Changes in Technology

Fifty years ago there simply was no other form of intercity transportation for the bulk movement of goods and people other than the railroads. Although rail technology has not been wholly static, developments since that date in no way rival the technical developments of competitors.

With the emergence of the automobile, society became more highly mobile, a development as important to the economy as to social custom. This, coupled with the development of the high speed, pressurized airplane for medium range and long distance travel, effectively eliminated the train as a competitor for passenger services. After a long downward decline in traffic, the rail industry basically phased out of the intercity passenger market, once a major contributor to profits.

Innovations in trucking along with the development of modern highway systems have enabled motor carriers currently to carry 23 percent of the total intercity freight ton-miles. A combination of waterway development and improved barge technology has created a major water carrier industry since 1920, and inland waterways now account for 16 percent of total intercity ton-miles of freight. Pipeline technology has captured the movement of fluid petroleum and natural gas, and oil pipelines now account for about 22 percent of intercity freight movement. Moving coal slurry (particles of coal suspended in water) through pipelines may cause this mode to grow substantially in the future.

The past three decades have seen the advent of a number of technological advances in the railroad industry, among them: diesel power, modern freight car equipment, piggyback and unit trains, scheduled maintenance programs, automated classification yards, computerized clerical functions and centralized traffic control. But these have been incremental in nature, as opposed to the major advances realized by rail's competitors, and railroads have thereby suffered in the marketplace.

Government Policies

All forms of modern transportation (except pipelines) have received a generous helping hand from all levels of government and all are subject to various laws and regulations. Public policy toward transportation has two elements: financial support and regulation. In both, public policy appears to have worked to the disadvantage of railroads.

Financial. The federal government's basic policy has been to promote development of different methods of transportation. This has been a deep-seated national policy from the very beginning of the United States,

one of its early applications being land grants to Western railroads in the 19th Century. The federal government has continued this policy of large scale promotional aid into this century by the support of the new transportation technologies as they came into being.

The early assistance to railroads pales when compared to the continuing aid given to the development of the private automobile and trucking industry, the airlines and inland barge operations—all competitors to the railroads.

Through 1973, total federal, state and local expenditures to support rival forms of transportation have been in excess of \$450 billion, most of it spent since 1920 (see Appendix H). Only a portion of this outlay has been recovered by user charges, such as fuel taxes, rate surcharges, rental, landing fees and the like.

Government policy toward the railroads contrasts sharply with national policy toward the coastal and inland waterways, where facilities from lighthouses to locks have been constructed and operated directly by governmental authorities without charge to water carriers. All government expenditures on waterway facilities totaled approximately \$16 billion through 1971, a substantial proportion of which represents benefits to water carriers.

Government support of airways and airports has been substantial. User fees were not levied until the 1960's and not until 1970, in the Airport and Airways Development Act, did Congress set up user taxes and a trust fund for capital expenditures in airports and airways.

In Appendix H, it is noted that government support for airlines in expenditures for operations of the airways, on the order of \$500 million annually, is not compensated in user charges. In addition, local service airlines receive subsidies for service to small cities in excess of \$60 million annually. In the area of freight, air transport has little influenced the railroads' current situation, but the airplane has been a key factor in the demise of what was once a very profitable passenger service.

Highways and motor transport have received the broadest and most substantial governmental aid, with expenditures for highways by all levels of government amounting to over \$20 billion per year in the early 1970's. Fuel taxes and other fees have paid much of the cost of highway development and maintenance, but many experts believe that the large rail-competitive trucks have not paid their share relative to the benefits they receive.

Without question, the major highway improvements of the last 30 years, especially the construction of the Interstate Highway System, have aided truck movement greatly and have accelerated the diversion of freight traffic to trucks from rail. Even at 55 m.p.h., and with allowance for rest and stops, trucks have an over-

night service range of more than 400 miles in a single driver truck,² thus allowing rapid service throughout a region from a limited number of distribution centers.

In this century, the railroads and the pipelines are the only competing forms of transportation which have not benefited substantially from public expenditures for their basic rights-of-way and ground facilities. This has distorted the cost comparisons between the railroads and their competitors significantly. The cost of maintenance of way and communications and related facilities of the railroads, including interest charges, were 21 percent of total rail revenues in 1973. Thus, railroads are at a considerable disadvantage in competing for traffic.

Even if user fees were fully compensatory, the fact that rail competitors obtain their fixed facilities and rights-of-way by such charges acts again to the substantial disadvantage of the railroads. For the railroads, these costs are largely fixed while rail competitors pay a user charge only as needed for the facility involved. Costs thus vary directly with volume of business.

By virtue of public provision of rights-of-way, non-rail transportation businesses do not have to maintain, repair and re-construct facilities and rights-of-way. Rail competitors therefore have a less complex managerial burden.

Another major disadvantage for railroads is the long-term effect of inflation on the comparative costs of doing business. Barge operators pay nothing for the right to operate over the waterway system. Truckers pay fuel taxes which are raised infrequently so that their unit expense on right-of-way varies only with volume and has risen slowly. For example, federal fuel taxes have not been raised since 1959. By contrast, railroads must maintain their facilities with their own money, and rising prices and higher labor costs must be borne more immediately.

Regulation. The railroads were the first American industry to come under extensive state or federal government regulation, even antedating passage of the Interstate Commerce Act of 1887. Undoubtedly, the public interest was well served by the original regulatory structure because of the geographic unevenness of competition between rail routes and railroads' concentrated economic power.

Railroad regulation in today's transportation environment, however, warrants reexamination. A recent study estimated the economic losses from excess capacity (inefficient use) and misallocation of traffic attributable to transportation regulation at \$4-\$9 billion.³ Regulation of railroad rates has failed to assure adequate industry profits and rates of return and has retarded the railroads' ability to compete, because the existing process is "slow, cumbersome, inflexible and hostile to

² Estimate suggested by American Trucking Association, based on 10 hours at 40 m.p.h.

³ Thomas G. Moore, *The Feasibility of Deregulating Surface Transportation*, pp. 22-23.

marketing innovation by the railroads".⁴ The Interstate Commerce Commission on the one hand has frequently used the power it possesses to hold down rates, and the evidence suggests that hold-downs have been to protect movement of commodities that otherwise would be isolated geographically. On the other hand, the Commission often has disallowed rate reductions that competition would have dictated.

The return on railroad investment has not appeared to be a foremost consideration to the ICC. The prevalence of across-the-board rate increases attuned to general price and wage levels, not rates of return, is not efficiently responsive to the changing economic and transport environment.

Railroads offered a full range of transportation services in the 1920's, but they have not evolved further into transportation companies, the Congress having created laws that impeded such evolution. By law in 1935, railroads were precluded from offering competitive truck service, unless they were then offering such services, although they were not precluded from securing operating rights to undertake the pickup and delivery functions which trucks perform so well.

Mergers and other forms of coordination within the railroad industry also are subject to regulatory restriction and delay. Thus, the railroad industry has been handicapped while its competitors have exploited new technologies to the full and have enjoyed the benefits of public funds that have so greatly assisted competing methods of commercial transportation. These pressures have had massive adverse effects on the dynamics of railroad development and the profitability of the industry.

Not having developed as integrated transportation companies, railroads became more and more narrowly confined in the markets in which they could effectively compete and in their approach to the problems of transportation. Railway labor took the full brunt of the competitive impact of other forms of transportation; job protection became a major element of rail labor objectives and, in part, an aspect of regulation. It is questionable whether rail labor would have been so preoccupied with job protection if the railroads had been permitted to develop as integrated transportation systems.

Freight Growth and Character

Freight transportation has grown slowly relative to the gross national product (GNP), and the composition of freight that has grown is less suitable to rail service and more adaptable to trucking. Between 1947 and 1972, intercity freight traffic grew at an average annual rate of 2.8 percent compared to an average annual growth rate of 3.8 percent for GNP. If intercity

ton-miles are calculated exclusive of oil pipeline movements, the average annual growth of all freight between 1947 and 1972 was only 2.2 percent.⁵

The forces which cause freight transport demands to grow more slowly than the economy include:

- The substitution of lighter-weight materials to be transported.
- The growth of submarkets which justify multiple regional production sites.
- Improved transport and distribution systems.
- More radical technological changes, such as high-voltage long-distance lines for the "shipment" of electricity, as opposed to the transportation of energy resources.⁶

It appears that established industries have managed to reduce their transportation requirements. In addition, the consumption of bulk raw materials, another staple of rail traffic, reflects population growth more closely than it does economic activity. For the last quarter century or more, the agriculture, mining and forestry sectors of the economy have been declining as a share of GNP. Historically, these industries provided the basic source of railroad freight and their relative decline has contributed to rails' falling share of traffic.

Even worse from the railroads' perspective, bulk commodities traditionally transported by rail, such as iron ore and grains, have grown less rapidly than plastics or meat, for example. Coal production showed no growth at all between 1957 and 1965,⁷ but it may rebound as a major source of domestic energy.⁸

Manufacturing production has grown more rapidly than that of bulk commodities, but within the manufacturing sector the fastest growth has been in industries producing goods that are of high value relative to their bulk and also relative to the transportation costs incurred. Good examples are computers, business machines and such consumer goods as television sets, high fidelity equipment, cosmetics and pharmaceuticals—articles generating little demand for rail transport. The fastest growing sectors of the economy are personal services, finance and government—activities needing little goods movement in general or rail transportation in particular.⁹

Location of Economic Activities

Production locations exert an influence on transport demand apart from the nature of the goods themselves, and for the railroads this influence has been negative.

⁴ *Improving Railroad Productivity*, Final Report of the Task Force on Railroad Productivity to the National Commission on Productivity and The Council of Economic Advisers, 1973, p. 2.

⁵ U.S. Senate, Committee on Commerce, *The Penn Central and Other Railroads*, pp. 232-33.

⁶ *Ibid.*, p. 229.

⁷ *Improving Railroad Productivity*, Final Report of the Task Force on Railroad Productivity, Chapter I for a general discussion, and Alexander L. Morton, *Freight Demand*, unpublished Ph.D. dissertation, Harvard University, 1973, for additional detail.

Population shifts to metropolitan centers reduce the amount of traffic to and from rural areas and leave excess rural trackage, which has not decreased concurrently with population shifts away from areas the lines once served. As a result, railroads are burdened with facilities that no longer are productive. Further, the most rapid production and population growth is in areas such as Atlanta, Dallas, Phoenix and Denver, not in the older Eastern production centers with extensive rail plants.

Thus, railroads in these older areas suffer as jobs and factories move to and natural resource development takes place in newer growth areas. Multiple centers and natural resource development encourage producers to move their plants, creating less interdependent regions of the nation. This in turn has favored the use of short-haul trucking. Today, good highways, especially the interstate system, are prime factors in business and plant location.

Truck, barge and pipeline have the decided advantage of being unencumbered by inherited equipment and operating patterns. They can focus on the most promising areas of cargo carried by rail; railroads, to some extent held back by regulation, cannot fight back with equal competitive vigor. Trucks and airplanes appear to have captured the transportation of light high-value commodities for decentralized shippers requiring high-quality service.

Manufacturers generally choose plant locations by considering both good highway access and good rail connections, and many aerospace and electronics firms producing very high-value goods will be found near airports. Barge and pipeline firms vigorously solicit transportation of bulk goods; the ton-miles they move roughly have quadrupled during the last two decades.

Deficit Service Requirements

The early rapid expansion of the railroad industry and the absence of effective competition led to the construction of many lines no longer economic to operate. Traffic once almost the sole domain of the railroad industry was captured by competitive transport businesses, and this trend continues today, with railroads in the Northeast and Midwest facing the largest readjustment problem.

Some excessive rail capacity has resulted from changes within the industry itself, as a result of centralized traffic control systems, automated yards, larger freight cars and more powerful locomotives. Railroad mergers and internal redirections of traffic flows result in unnecessary trackage as the industry seeks better use of roadway and rolling stock.

Traditionally, the railroad industry seeks to unburden itself of deficit-producing services (usually light density branch lines or passenger services) by

petitioning regulatory agencies to discontinue or abandon the service. However,

the essential approach of both legislation and regulation was to consider abandonment as an aberration . . . small town grain elevators, like whooping cranes, were to be preserved whenever possible . . .⁹

Where the losses on branch lines have been substantial, especially in the Region, the condition of all railroad properties is financially damaged. Maintenance of way expenditures are deferred and the attempts to meet minimum safety standards lead to a lack of funds for main line maintenance as well as the deficit-producing branch.

Estimates of avoidable losses from light density branch operations nationwide vary from about \$50 million to more than \$100 million per year. This is not an amount sufficient to restore the financial health of the industry, but "the correlation between financial condition and the incidence of the light density line problem suggests that the problem may be somewhat greater than the FRA estimate implies."¹⁰

The Railroad Problem in the Region

The railroads in the Region and particularly those in the Northeast have been affected most severely by the negative factors influencing the financial health and condition of the railroad industry. The Northeast was the first area to be developed, has the oldest industries and the oldest and most extensive railroad system. Many of its railroads were built purely for local service well before the advent of trucking. The current railroad system represents a splicing of hundreds of constituent roads, each having its own outdated branches and spurs.

The industries predominating in the Region, particularly the Northeast, are among the most slowly growing sectors of the economy and are the most easily displaced by new location patterns. In addition, they tend to produce goods that lend themselves to trucking competition, especially because predominating shipments are short haul in nature. Water carriers are also active in and around the Region and intermodal facilities are much more extensive there.

The railroads in the Region also are responsible for a predominant share of passenger service, representing a loss to operate and a distraction for management. The plant facility built to provide extensive passenger services also represents a greater degree of redundancy than anywhere else in the system.

⁹James R. Nelson, "The Economics of Railroad Abandonment," *Symposium on Economic and Public Policy Factors Influencing Light Density Rail Line Operations*, January 1973, sponsored by U.S. Department of Transportation, Federal Railroad Administration, p. 6.

¹⁰*Improving Railroad Productivity*, Final Report of the Task Force on Railroad Productivity, p. 162. Loss estimates were taken from pages 160 and 161.

In addition, the depletion of natural resources in the East has led those industries and the traffic they generate to depart to the newer and more rapidly developing population centers. This situation has resulted in decreased tax revenues to serve social purposes of communities in the Northeast. They in turn have been more reliant on property taxes levied on railroad holdings and most resistant to abandonments depriving them of these revenues.

The Problem of the Penn Central Merger

Generalizations about the Penn Central merger are difficult to make. They depend on three underlying factors that are hard to separate: the difficulties and constraints management faced, the quality of personnel and their decisions and agreements reached with labor and the ICC as conditions of the merger, i.e., labor protection arrangements and the agreement to absorb the New Haven railroad into the merged system.

The legacy of railroading in the Northeast would lead many to believe correctly that successful management of the merged railroads would be a miraculous and almost unobtainable goal. One study refers to the Penn Central merger as the birth of "a grotesque set of Siamese twins."¹¹ The two partners were both in financial difficulties, mostly a result of developments beyond management control as discussed elsewhere in this chapter.

Management decisions in the railroad industry are constrained by many considerations, including regulatory policies and decisions, relationships with shippers and dependence upon connecting railroads, the position of competitive carriers such as trucks, rail technology and the plant and equipment inherited from the past. Regulatory procedures and delays, a necessary part of the merger process, left the merger's outcome in doubt. From the late 1950's until final approval was won in 1968 and court procedures and objections exhausted in 1968, merger planning was stifled by uncertainty.

One element of management capability does seem to lend itself to discussion. It concerns the implementation of the merger itself, the scale of the resulting merged company and the dynamics of transition toward this new and greatly expanded scale of operations. Prior to the merger, the two major parent railroads served a large amount of identical geographic territory, had substantial parallel route structure and experienced similar traffic patterns. It was understood that merger meant consolidation. Savings were anticipated from the elimination of duplicate operations and facilities.

It appears, however, that "little thought was apparently given to the difficult process of forging one company from the pieces of its predecessors, . . . the pre-

merger planning . . . did not spell out the steps or processes necessary to move from two separate roads to one unified railroad."¹² In the rush to consolidate, the difficulties of a major change in physical flow of traffic and reorganized work patterns for labor were not given systematic attention, and managerial philosophies of the two parent companies appeared to differ widely.

The results of a crash program to merge incompatible systems were devastating. Without detailed operational planning the attempt to grow suddenly introduced a dynamic element which overrode all else. In hindsight, Penn Central proved not to have adequate management, sufficient time or financial stability to support the consolidation of the two major operating companies.

Changing patterns of production, a declining share for the Northeast economy and the increasingly competitive service of alternative modes required innovative responses from management that did not appear. Specific managerial shortcomings played a role: examples are high dividends paid out in the face of cash shortages, the deterioration of internal accounting controls leading to deterioration of the billing and collection functions and overly imaginative accounting procedures to bolster reported income. In addition, it was questionable wisdom to proceed with the merger itself as the cost of labor protection, the absorption of the New Haven and the generally drawn out delays escalated the negative aspects of the problem.

Summary and Future Outlook¹³

Several pervasive and enduring causes for the decline of railroading were examined in the first part of this chapter. These causes gave the appearance of a concerted act—by the general public, other industries, government, even the railroads themselves—to cause the railroads to fall from power into financial difficulty. The problems of the Northeast and the bankrupt carriers simply are extensions of those found elsewhere, and the financial conditions provide ample evidence of decline becoming collapse among the candidates for consolidation.

Yet railroads have shown considerable staying power. It is striking that, after several decades of expanding truck operations and a deteriorating rail industry, railroads are still the leading producers of freight ton-miles. The more than 850 billion revenue ton-miles moved in 1973 represent approximately the same volume as all other carriers combined, except pipelines. In 1973, the railroads set an all-time record for ton-miles of freight, and they experienced a slight increase in their share of total intercity traffic for the first time in almost a decade.

¹¹ Ibid., p. 335.

¹² A full discussion of the current financial conditions of the railroad industry and the Region in particular, accompanied by supporting tables and graphs, appears in Appendix B.

¹³ U.S. Senate, Committee on Commerce, *The Penn Central and Other Railroads*, p. 179.

A review of the factors affecting the growth of intercity freight traffic in the Northeast and the competitive balance among modes does not suggest a strong revival, however, regardless of the relative efficiency of the rail industry. The Northeast will continue to experience population outmigration and a lower rate of population growth. The nation's birth rate has reached its lowest point in decades and continues to fall.

Diminished year-to-year growth in real income per capita also would contribute to diminished growth in traffic volumes. A number of factors point to lower growth in real income than was achieved between 1945 and 1970, continuing the trend of the past few years. Thus, the volume of raw materials and manufactured goods handled by freight carriers should grow less rapidly than it has during the post-war period. Further accentuating this trend, more is being spent on services and highly-fabricated manufactured goods that generate fewer ton-miles per dollar of finished product.

The relocation of raw material sources and manufacturing centers away from the Northeast will aggravate its retarded growth of freight. Manufacturing facilities have tended to remain disproportionately concentrated in the Region, although it has ceased to be a major source of raw materials other than coal. As its population or market disperses, the tendency of recent decades for manufacturing to leave the area should persist. Higher costs of freight transportation, spurred by higher fuel costs and the uncertain outlook for the Region's rail transport, should stimulate further decentralization of manufacturing.

One of the largest rail users, the automobile industry, just announced a \$5 billion capital program to develop smaller and more fuel efficient cars. This can only have a negative effect on the movement of total freight in the Region.

While these inherent negative factors must be considered in any forecast, the Association has projected a slight increase in rail freight traffic over the next decade. This is based on the assumption of general growth in traffic and maintenance (rather than decline) of rail's share in the freight market.

The one bullish traffic forecast is for the movement of coal. Railroads are the dominant coal carriers, and a massive conversion to coal consumption could lead to substantial growth in Northeast freight tonnages and ton-miles, despite the depressing effect of other factors. A growth of coal traffic would, of course, place rather different demands on the rail system than an equal growth of other traffic. However, even if coal consumption does grow rapidly, there is no assurance that railroads will benefit accordingly.

The availability of rail transport has been a prerequisite for coal production in the past, but mine-mouth generation and high-voltage electricity transmission have been used increasingly as an alternative to coal transport, and further technological breakthroughs in

transmission may be expected. Coal gasification and liquefaction presumably will attract greater attention as volumes grow. Only the railroads' share of export coal traffic seems reasonably secure from such diversion, although it is concentrated over a limited number of rail routes.

The prospects for rail freight growth in the Northeast also are clouded by a possible shift of freight to competing modes. There already has been a substantial diversion of high-valued freight to trucking, and trucks are appearing to become steadily more aggressive in competing for bulk commodities as well. Three factors that may perpetuate this trend are greater freedom for private truck operations to solicit backhauls, increased truck size and weight allowances and high interest rates that reward inventory reduction and tight scheduling. On the other hand, higher fuel costs and stricter enforcement of reduced highway speeds may deprive the trucks of some of their competitive advantage.

The network of high-performance highways is not likely to be expanded much further in the Northeast, and the relocation of factories and warehouses to sites with easy highway access is pretty much complete. These two influences were important in the diversion of freight to trucks in the past, but may be considerably less significant in changing modal shares in the years ahead.

Further increases in fuel prices would work to the advantage of the railroads, as they are more fuel efficient on the long haul, and the implicit weight-sensitive cost differential might retard or arrest truck penetration into the movement of bulk commodities. For the short run, petroleum prices appear to have reached a supply-demand equilibrium level and further percentage increases on the scale of the past two years are unlikely. Even these recent increases, it should be noted, put little more than a crimp in the growth of trucking. Looking further to the future, the nation will have to rely increasingly on relatively abundant coal supplies.

Though the relative importance of heavy materials has diminished in the economy, shipments of lumber, grain, agricultural exports, woodpulp, paper products and stone, to name but a few, will remain as basic traffic generators for the railroads, and their displacement by bulk haulers over long distances seems unlikely. Scrap and materials for recycling, while not replacing virgin materials, represent a potential growth market for bulk hauling.

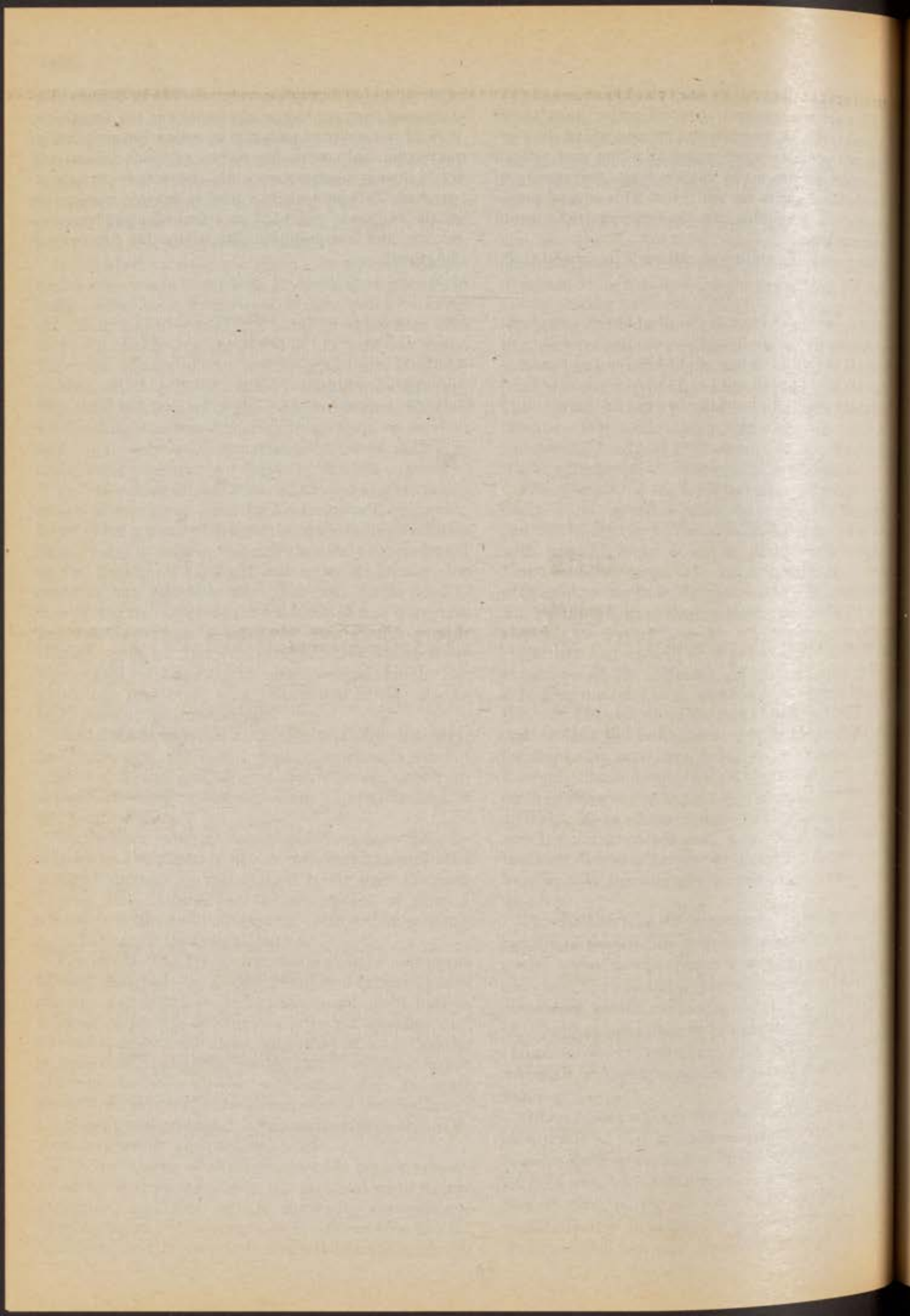
Other modes have relatively limited ability to absorb much of this rail-oriented traffic, and there may be some shift in the modal choice of bulk commodities between rail and water carriers as well. The imposition of user charges on river traffic in the Northeast would divert bulk cargoes to rail, depending on the extent to which the user charge is intended to recover

capital costs or operating and maintenance costs.

There are two general areas of major promise for railroad traffic. A commitment to aggressive development and promotion of containerization and reliable intermodal service could reopen large movements of manufactured goods for railroads. This sort of breakthrough into profitable service-sensitive traffic could work wonders.

The remarkable ability of railroads to expand traffic

without major disruption may prove to be a most valuable asset. Society today is conscious of the fragile nature of our environment, our excessive consumption of petroleum and continuing misuse of much urban land by highway construction while congestion persists or worsens. This attitude can lead to greater recognition of the railroads' potential as a fuel-efficient, land-conserving and low-pollution alternative for future traffic-growth.



2

Goals and Issues Underlying the Preliminary System Plan

This chapter sets the stage for the presentation of the Preliminary System Plan by addressing several issues that had to be resolved in the process of drafting the Association's specific recommendations.

Two issues receive special attention in the chapter. One is the question of the extent of federal involvement in restructuring and rehabilitating rail-service provided by the bankrupt carriers. The amount of federal financial support required by ConRail will be substantially larger than contemplated in the Act and it will be necessary to find ways of providing this support without resulting in de facto nationalization of the firm. The other is the issue of balanced public policy for transportation. The nation must develop transport policies that take full account of cost, energy and environmental considerations.

The purposes and goals of the Act provided guidelines for USRA's work, but a number of underlying conflicts remained to be resolved. This Preliminary System Plan attempts to achieve a balance among the Act's competing goals.

In enacting the Regional Rail Reorganization Act of 1973, Congress declared its purpose to provide for:

- Identification of an adequate rail service system for the Northeast and Midwest Region,
- Reorganization of railroads of the Region into an economically viable system capable of providing adequate and efficient service,
- The establishment of the United States Railway Association and the Consolidated Rail Corporation (ConRail),
- Assistance to the states and local authorities for continuation of local rail service threatened with cessation and
- Necessary federal financial assistance at the lowest possible cost to the general taxpayer.

The statutory goals guiding preparation of the Final System Plan are outlined in Section 206 of the Act. These goals complement the purposes of the Act and offer further direction to the Association and those who review the Association's work. The Act stipulates that the restructured regional rail system should:

- Be financially self-sustaining,
- Meet regional rail transportation needs adequately,
- Improve high-speed rail passenger service in the Northeast Corridor and identify other corridors in which major upgrading of track for high-speed passenger operation would yield substantial public benefits,
- Preserve, as much as possible, existing patterns of service,
- Preserve facilities and service for coal transport and conserve scarce energy resources,
- Retain and promote competition,
- Attain and maintain desirable environmental standards,
- Achieve efficiency in train operations and
- Minimize unemployment and adverse effects on communities.

Resolving Conflicting Goals

The Association feels a strong responsibility to ensure that the purposes of the Act are met and the goals of the Plan are effectively balanced. It is significant that pursuit of an *adequate and financially viable rail service system* (to paraphrase the combined wording) appears both among the purposes and the goals of the Act. There can be no doubt of the importance Congress attached to these objectives.

Though all of the Act's goals have been considered, these two basic statutory aims have been at the core of the Association's planning process. Like any broad reaching legislation, the Act's goals are not fully consistent with one another. Testimony of public witnesses at the Rail Service Planning Office hearings last year clearly demonstrates the difficulty of balancing certain goals against the others.

On this point, it is important to bear in mind the fact that the eight goals of the Act apply to the entire Final System Plan. None is limited to ConRail or any other single aspect of the Plan, nor can any one goal be viewed in isolation and applied narrowly to a particular issue, such as each individual light-density line or the economic impact on a shipper or community.

Congress itself recognized, at least by inference, the lack of consistency in the goals. For example, the House Interstate and Foreign Commerce Committee report on the Act said that it "recognized the need for safeguards for small areas, to be able to continue essential service which is not economical for the carrier. This was recognized as a social cost to be borne by the government" (House Report 93-620, pp. 28-29). The conflict between needed service and financial self-sufficiency was proposed to be resolved in this fashion.

Adjustment and accommodations are inevitable, and the Association has attempted to do this in a rational and logical way, but there is no magic formula for reconciling these conflicts. The greatest challenge facing the Association in its planning task was not the conflicting goals and competing interests; given the situation, it could hardly have been otherwise. Instead, the Association's challenge was to draw those conflicts and competing interests together in a manner that would convert the broad purposes and goals of the Act into specific decisions and recommendations for the Preliminary and Final System Plan. What became clear in the process is that unless USRA provides for an economically self-sufficient system, the Act's basic intent will not be achieved.

The Association believes that this Plan represents a fair and reasonable, although preliminary, resolution of the issues inherent in the Act's purposes and goals. The Board of Directors of the United States Railway Association hopes that this report will help to focus the necessary and desirable public discussion which is to follow publication of this Plan.

The Extent of Federal Involvement

The Regional Rail Reorganization Act contemplates reorganization and operation of the Region's bankrupt rail carriers as profitable companies within the private sector of the economy. The Association believes that ConRail can be brought to a profit position about equal to the average for the rail industry. The financial statements in this Plan show that ConRail's cash flow should be sufficient to pay interest charges on federal debt incurred within the 10-year forecast period, but that retirement of federal debt will not occur within the 10 years. The Association recognizes that the importance of achieving a profitable ConRail will depend on many factors, including workable agreements with the solvent railroads in the Region and the manner in which necessary additional federal financing is provided.

The amount of federal financial support required by ConRail will be substantially larger than contemplated in the Act, and the period during which more than 50 percent of the debt structure of ConRail will be "federal" probably will exceed 20 years. This is due to several factors. First, rehabilitation requirements are somewhat greater than expected and thus higher than contemplated in the Act. In 1973 prices, the cost of rehabilitation and capital improvements to ConRail right-of-way and structure properties (in essence, raising them in their former level of operation and service) is estimated to be \$2 billion during the first 10 years. USRA expects that inflation during the period of rehabilitation will about double the actual dollar cost.

Second, because of the shortage of steel rail and the requirement that rehabilitation be coordinated and coincident with normal line operations, it is anticipated that the rehabilitation program will take place over a period of 10 to 15 years. Third, ConRail will need working capital loans until its cash flow from operations meets its operating cash needs, including funding interest payments in the early years. Assuming normal financial methods as set forth in the Act and ConRail's ability to raise \$500 million in the private sector for equipment, total federal loans or loan guarantees are estimated to be approximately \$3 billion by 1985 (excluding any obligations in the initial conveyance of properties).

The Association believes that the necessary federal funding support for the operating company can take place in a manner which does not result in *de facto* nationalization. The entire thrust of the Regional Rail Reorganization Act of 1973 was to provide a private-enterprise solution to the railroad crisis so as to leave ConRail a "for-profit" company which ultimately could operate free of direct government involvement; nationalization was to be avoided.

There has been a natural reluctance on the part of Congress to become deeply involved financially in private companies. The Act itself represents a break with tradition but was felt to be necessary because of the catastrophic effects cessation of transportation by the bankrupt railroads would have on the Nation's economy. Congress passed a "reorganization" Act designed to seek a private enterprise solution to resolve the problem of the bankrupt carriers. An increase in funding over that contemplated in the Act to adjust for the greater amount of rehabilitation and to take into account the inflationary factors which are substantially more important today than when the Act was passed, might be required. Such an increase would not change the basic thrust of the Act as it originally was passed.

This will not have been the first time in recent periods when the federal government has made extensive loans to the troubled railroad industry. Through 1944, the Reconstruction Finance Corporation (RFC), as part of its

general assistance program to industry and commerce, extended \$938 million to railroads. Inflation of these loans to a value equivalent of a USRA loan commitment today to meet ConRail's rehabilitation requirement would raise the value of the original loans to a figure over \$7 billion. The controls exerted by the RFC as a basis for these loans were less than contemplated by the Regional Rail Reorganization Act of 1973 since they did not require a government majority position on the Board of Directors of the organization to receive support as a condition of the loan.

Recognizing that there may be some concern with such an extensive public loan commitment to ConRail, a private company, the Association has studied the possibility of the creation of a separate corporation which would own the rights-of-way of ConRail and have the responsibility for their rehabilitation. The range of alternatives to be studied includes a completely private company owned by the stockholders of ConRail, a mixed ownership company with both private and public ownership of stock in the company and a wholly owned government corporation.

In Chapter 3 the Association presents each of these alternatives briefly to provide the basis for public debate and consideration by Congress.

The projected financial viability of ConRail is predicated on a major rehabilitation program. Though relatively minor changes might take place both in the scope and location of specific rehabilitation projects, the Association does not believe that significant changes can be made without affecting the profit and loss projections.

The Final System Plan will show the full financial commitment needed. That Plan as approved by Congress must grant sufficient funding to meet working capital needs and the planned rehabilitation program in order to support the value of ConRail securities.

Balanced Public Policy for Transportation

Another compelling issue affecting the successful reorganization of the bankrupt carriers is the absolute necessity to provide a more even balance in public support policies and regulation of the various modes of transportation and to integrate planning for their development. As explained in Appendix H, public support for all competing modes of transportation except pipelines is large and pervasive. This has adversely affected the rail industry. Not only has there been a direct effect on the profitability of the rail industry but also such public support has facilitated the development of competing forms of transportation, some of which are more harmful to the environment and consume much more energy per ton mile transported than do railroads.

Chapter 11 shows the comparative energy consumed by rail technology as compared to other modes. For high

volume operations, if an additional 10 percent of the traffic which could be carried by the rail industry were diverted to trucking, total energy consumed in inter-city freight transportation would increase approximately 8 percent. On the other hand, if the rail industry regains that same volume of traffic, total energy consumed in transportation would be reduced by about that same percentage. Changes in national transportation policy could help achieve this energy saving.

The lack of profitability of the rail industry, partially due to its impaired competitive position, is resulting in some disinvestment of capital in the industry and in inadequate maintenance of some of its facilities. Many important operating companies are literally consuming their own assets. Only a few rail systems now exist without substantial deterioration of facilities due to deferred maintenance. Reports filed with the Interstate Commerce Commission indicate that nationwide deferred maintenance and capital expenditures now total about \$4.3 billion and that figure is increasing. The deferral of maintenance over a long period of time was one of the primary reasons for the ultimate collapse of the Penn Central and the inability of its trustees to reorganize the company through normal procedures. A continuation of this trend in the industry has significant implications for the future.

The effect of inflation on the competitive position of the rail industry and its competitors is not uniform. In supplying its own investment in rights-of-way and basic facilities, the rail industry will be forced to withstand the full effects of long-term inflation in the cost of the materials and labor which go into those facilities. Thus, market forces, including the high cost of money, will affect the rail industry directly, and the industry has little ability to control those costs. *In fact, the deferred maintenance bill, because it must be paid over the next 10 years, will about double due to inflation.*

On the other hand, the cost of using the rights-of-way and many basic facilities of other transportation modes, except pipelines, is fixed by law. Such costs will vary only if legislative action is taken to increase user charges in keeping with inflationary trends. The implication this has for rail profitability and for energy consumption is significant.

The rail industry presents a fundamental problem in public policy in a private enterprise system. There is a natural hesitancy to provide government assistance to railroads because doing so seems to be in conflict with the underlying philosophies of our free enterprise system. It would be tragic if the rail industry were relegated to a lesser and lesser role in transportation. *Balancing and equalling the government support for all*

transportation modes can help prevent or retard further erosion of rail's competitive position and ensure that each mode performs its most effective role.

Central to the planning of the Association has been its attempt to take a broader look at the role of railroading in the transport system of the Region. Subsequent sections of this Plan offer suggestions on the kind of rail service most likely to serve genuine transport needs in the next 10 to 15 years. The Plan also addresses the question of how that type of service will fare in competition with other modes, both in cost and service.

This report presents an analysis of the impact of total abandonment of rail service and the substitution of service by alternate modes; it also considers the prospects for saving economic resources by substituting truck service to points now served unprofitably by rail. Assessments are made of the energy, environmental and local economic impacts associated with substituted service.

The goal that stands over all of these intricate mode-choices and impact analyses should be efficiency in the use of available resources. The Association seeks to recommend a System Plan that calls for the right amount of the right kind of rail service. There is no sense in building or rebuilding more and better rail facilities than are justified on a cost-benefit basis. There is no need to preserve rail service to points served far more economically by other modes.

In this regard, the Association believes that our Nation's major systems of transportation must be regulated in a balanced manner that adds to the strength of each mode. Federal support as may be necessary should not produce competitive distortions among modes of transportation. The Nation will not be well served by continuing policies of separate development of each form of transportation regardless of cost, energy and environmental considerations.

There is much waste that already has occurred as a result of separate development, and the Nation no longer can afford wasteful policies. The capital requirements of the bankrupt railroads and the rail industry as a whole during the next decade will be enormous. But they will pale beside the amount which will be invested through existing programs in competing modes of transportation. If these expenditures are made according to the status quo and without a sensible evaluation of the need for an integrated transportation system, the Nation will make bad use of its resources, bankruptcies will continue to spread through the rail industry and the public will suffer.

AN ALTERNATIVE TO HIDDEN CROSS SUBSIDIES

The railroads, like other common carrier transport modes with high fixed costs, traditionally have financed some deficit services through transfer of funds within the firm, a device known as "cross subsidy". Railroads always have had certain obligations beyond those associated with a normal business enterprise; the charges, powers of eminent domain and regulatory system under which they operate all reflect a presumption in public policy that common carriers have special responsibilities. Stated somewhat differently, public policy was willing to tolerate a measure of railroad monopoly power partly because that monopoly power created a flow of funds which could be tapped to finance, via cross subsidy, some services which public officials wanted continued but not at direct taxpayer expense.

Extensive development of waterway and highway systems and the increased availability of private carriage have weakened the economic base that traditionally enabled railroads to support these public service obligations. Shippers increasingly have developed and exercised the option of operating their own transportation system (usually trucks) when common carrier rates were excessive. In addition, shippers over time have been able to change distribution patterns to avoid high transportation costs. This combination of private carriage and altered production and distribution patterns has undermined the ability of common carriers, especially railroads, to support deficit services.

As rail revenues and profits were lost, the effort to achieve financial viability while serving all customers often required compromises that served neither corporate nor public interests. For example, as passenger losses mounted, services were downgraded if not totally abandoned. Although service to the public was poor, carriers still had significant losses. A similar pattern is now occurring on light-density freight lines, resulting in plant deterioration and a decline in service quality. The carrier minimizes deficits and the public still has some service, yet neither party benefits, or at least the situation is far less than optimal.

In the past, the burden of cross subsidy has fallen primarily on two groups—the owners of railroads (through reduced profit margins) and certain freight shippers (through rates higher than otherwise would be required). Since public policy relied on a flow of funds from these sources that no longer is sustainable (partly because of other public policies), the underlying concept is no longer valid. Recently, government has begun to assume a portion of the burden through direct and indirect subsidy programs.

The issue to be addressed now is how deficits are to be funded in the future. Abandonment of all deficit services is not an alternative, at least in the near term. The historical role of common carriage, as well as programs such as Amtrak, commuter service subsidies and funding under Title IV of the Regional Rail Reorgani-

zation Act of 1973, all suggest continuation of certain deficit rail services in the public interest.

The Regional Rail Reorganization Act of 1973 was quite explicit with respect to subsidy funds for one kind of deficit operation, light-density lines. In mandating criteria to the Rail Services Planning Office for rail continuation subsidies, the Act states the following policy: "Rail properties are suitable [for subsidy] if the cost of the required subsidy for such properties per year to the taxpayers is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational cost for alternative modes of transportation; the cost to the gross national product . . .; the cost of relocating or assisting . . . individuals and firms adversely affected thereby; and the cost to the environment measured by damage caused by increased pollution." (Section 205 (d) (4)).

These are considerations in establishing subsidies for services not otherwise profitable. The law does not require the Final System Plan to provide services meeting these conditions without subsidy. The Act explicitly recognizes that the purpose of subsidy is to enable retention of public benefits that pure private accounting cannot consider.

The provision of large amounts of federal funds to upgrade properties of the bankrupt railroads in the Region has important implications for the issue of cross subsidy, but it does not obviate the need for the recommended policy. Some interests have contended, for example, that if large amounts of public funds are required for rehabilitation of the decrepit physical plant of the Region's bankrupt carriers, a substantial "nationalization" of the rail industry has already come about and that such an institution ought to be capable of bearing the marginal additional costs of deficit services such as light-density lines.

USRA believes that relaxation of the position against cross subsidy would lead to a larger and larger financial burden on the federal government, further blurring the distinction between private and public management of the industry. The Association, while rejecting the concept of cross subsidies, recognizes that ConRail or other railroads should be free to operate deficit services which offered potential economic benefit to the railroad. Carriers should engage in product or market development programs as would any normal business enterprise.

A large federal role is unavoidable in repairing the collapse of rail service by the Region's bankrupts, but it must be sharply defined and held to the minimum. Public policy should insist upon private responsibility for rail services which can carry their own weight in the marketplace and the provision of public financial support for money-losing services which private carriers are required to conduct for public purposes.

Summary and Conclusions

In preparing the Preliminary System Plan, the United States Railway Association faced the challenge of defining how to revitalize regional rail service while accommodating all the diverse goals of the Act. To meet the basic intent of the Act, the Association had to try to find a way to restructure the bankrupt carriers so as to insure adequate and efficient rail transportation, achieve a private sector solution, preserve competition, conserve energy, protect the environment and minimize unemployment and adverse effects on communities—all at minimum expense to the taxpayers. These complex and often conflicting goals were the fundamental point of reference for each of the many decisions required in developing this plan.

Broadly, the most critical decisions addressed by the Association were:

- Definition of an industry structure for the Region which embodied the elements of service, efficiency, competition, preservation of the financial strength of the solvent carriers and most of all, achievement of a new company(s), ConRail(s), able to sustain itself financially.
- Determining the system configuration of the new companies, including the principal and secondary through and feeder routes, and recommendations on light-density local service lines.
- Determining the financial results for these new companies and their financial needs from both the public and private sectors.
- Establishing specific goals and recommendations concerning the ancillary, but important area of passenger service.

The Association's conclusions are that:

- The Northeast and Midwest Region should be served by three major rail systems—a ConRail largely based on Penn Central, the Norfolk & Western and the Chessie System—supplemented by strengthened operations of the smaller solvent railroads. In the interest of preserving competition in major markets, the Norfolk & Western and/or the Chessie System should expand to control and operate services over certain main lines of the bankrupts. Because of these transfers of properties to solvents, ConRail would not exercise monopoly control over any major market in the Region.
- ConRail's System initially should include some 15,000¹ miles of principal, secondary and feeder lines including 3,400 miles of light-density lines. This system will enable ConRail and the Region's solvents to provide carriage for more than 95.5 percent of the traffic currently generated by the Region's shippers.
- ConRail should generate a positive net income by 1978, but it will not internally generate sufficient cash flow to finance necessary rehabilitation over the next 10 years.
- ConRail will need financing substantially in excess of the \$1 billion now provided in the Act. This financing should be arranged in a way that minimizes the duration of the government's involvement.
- Passenger service in the Region should be improved by transferring financial and operational respon-

¹ The Erie Lackawanna is excluded here and hereafter except as noted otherwise.

sibility for the Northeast Corridor from ConRail. A major upgrading program in the Northeast Corridor and the development of 16 other passenger corridors in the Region are recommended.

The remainder of this chapter discusses each of these conclusions, indicates the Association's tasks leading to the preparation of the Final System Plan and outlines the chapters of the Preliminary System Plan that follow.

Regional Rail System

The Association has concluded that the Northeast/Midwest Region should be served by three major rail systems—a single ConRail (as defined herein) along with expanded Norfolk & Western and/or Chessie systems. These carriers generally would be balanced and competition would be provided by at least two of them in each of the major markets of the Region. They would be supplemented by the smaller solvent carriers now operating in the Region, each of which should benefit by this system definition.

To develop this two-carrier competition, the Association proposes that the Chessie System be expanded significantly in metropolitan Philadelphia and be given access to the Allentown-Bethlehem markets. It is also proposed that either the Norfolk & Western or the Chessie System be extended through Upstate New York and Northeastern Pennsylvania to Northern New Jersey and the Newark/New York metropolitan area. Using connections this system would assure competition to New England. ConRail would be made up of the present Penn Central system plus certain parts of the smaller bankrupt carriers. This regional system would achieve competitive balance and lead to reduction of duplicate mileage in the eastern part of the Region.

The proposed plan would meet the goals of the Act by providing competition in all the important markets in the Region, strengthening each carrier in the Region affected by the restructuring process, providing the best chance for the development of a profitable ConRail and resulting in the lowest possible cost in rehabilitation of the bankrupt carriers' deteriorated facilities.

The route and operating configuration of the ConRail system represents an interim step between that which exists today and that which necessarily must evolve in the next decade. The initial ConRail operating and route structure represent estimates of how best to reverse the fortunes of the bankrupt carriers so they can once again perform adequate and efficient rail transportation. The Plan, however, is not carved in stone and it will be subject to many modifications in the next decade.

Alternative Structures

Drawing upon the goals of the Act, the Association established three criteria for evaluating alternative structures: (1) an adequate and efficient rail service to

preserve competition and existing traffic flows so far as possible, (2) the effect on the financial self-sufficiency of ConRail and (3) the financial self-sufficiency of other railroads in the Region. In addition, because some theoretically attractive alternatives might be very difficult to implement, the Association examined the likely, practical consequences of implementation.

Four major structural alternatives were considered by the Association. These were the following:

- *Establish a single ConRail to take over operations on all main lines of the bankrupts.* This alternative would offer the best chance for ConRail to become financially self-sustaining. It would lead, however, to monopoly situations in significant geographic areas, thus depriving shippers of the advantages of competitive alternatives.
- *Establish a ConRail East and West.* The adoption of this structure would lead to the creation of two companies, divided roughly along a line extending from Albany to Harrisburg to the Potomac River. The eastern railroad would operate as a neutral terminal company, primarily providing switching services for cars originating and terminating in the area. All railroads reaching the terminal interchange points would have access to the terminal area. The western railroad would operate as a line-haul railroad over all the Penn Central and Ann Arbor properties west of the dividing line. This alternative would encourage the provision of competitive services. It would create, however, two organizations that together, as a result of less efficient operations, would be less profitable than one company. The western company, taken alone, would be no more profitable than a single ConRail. Moreover, this alternative assures continued losses and therefore continued government involvement in the neutral terminal company providing solvent railroads and ConRail access to all shippers. Its selection also would require that two new organizations be created, inherently a more complex undertaking than establishing a single new organization.
- *Establish a ConRail North and South.* This split could be accomplished essentially by "unmerging" the Penn Central into two railroads roughly approximating the old New York Central and Pennsylvania railroads; properties of the smaller bankrupts would be joined with either of these two organizations. This alternative offered less chance of financial self-sufficiency for the railroads, either individually or in total, than the single ConRail alternatives; creating two organizations, both of which face difficult challenges in becoming self-sustaining, doubles the probability of failure. This alternative also raises complex operations questions related to breaking up the Penn Central

into two new railroads. And it would not be particularly effective in encouraging competition.

• *Establish a single large long haul railroad, with several terminal companies in key areas.* This option would lead to the consolidation of the bankrupt carriers into a single system and would create jointly-owned terminal companies as subsidiaries of the line haul carriers; these terminal companies would perform pickup and delivery services in the important Philadelphia and New York/Newark market areas. The solvent carriers would have access to these terminal companies over their own lines or via operating rights over ConRail tracks—thus providing competition in New York/Newark and Philadelphia. Under this alternative, the total profitability of ConRail and the terminal companies together will be somewhat less than the profitability of a single ConRail. It also would require the start-up of three or more new organizations and it would present artificial operating barriers to the line haul carrier which would hamper its efficiency.

This last option, however, did provide the basic elements of an approach to resolving the regional structure issue and meeting the various goals and purposes of the Act.

The Association's proposed structure would maintain competition in the major East Coast markets and minimize track and terminal duplication (thereby reducing rehabilitation costs) without the creation of an additional operating entity, other than ConRail in the Region. Thus, the outline of a solution was available and the Association undertook development of the following alternatives.

• *Establish a single ConRail to take over most operations of the bankrupts, but transfer some lines from the bankrupts to solvents to provide them with access to certain key markets.* This alternative probably would create a ConRail somewhat less profitable than one with access to all the traffic of the bankrupts. This alternative, however, would enhance competition in significant geographic markets (such as New York/Newark) and would offer more protection to the solvents' existing traffic base than an alternative not offering them access to key markets. As indicated, the Association has selected this alternative as best meeting the purposes and goals of the Act. If one solvent does not desire access to these markets, then a solution centered on the other in combination with ConRail would be acceptable. If the Association is unable to implement its selected system, for example, because neither solvent desires access to certain markets, the following alternative would be the second choice.

• *Unite the smaller bankrupts in the Region to compete with a company operating over the Penn*

Central lines. This option would involve creating two east-to-west carriers: the Penn Central and the Ann Arbor competing with the Erie Lackawanna, the Central of New Jersey, the Reading and the Lehigh Valley. To provide adequate competitive strength, the latter system would require access, through joint ownership of lines or trackage rights, to such gateway points as Cincinnati and St. Louis. While USRA has not yet made a complete financial analysis of this option,² it appears somewhat less attractive financially than either of the single ConRail alternatives. In addition, although it does provide competitive service to major points and would be easier to implement than either the east-west or north-south ConRail splits (since both companies would be formed by joining, rather than splitting, existing bankrupts), it would impair the competitive position of the Regions' solvents. Detailed evaluation of all the alternatives is presented in Chapter 3 and Appendix C. The coordination projects, over which ConRail and the solvents will carry out joint operations, will offer additional opportunities to improve efficiency and profitability. These projects are described fully in Chapter 4 and Appendix D.

Line Transfers

Implementation of this selected system concept requires that certain main lines be conveyed to ConRail and other lines transferred to solvents. The proposed structure is indicated in the large color map enclosed with this report, titled *Northeast and Midwest Recommended Industry Structure*. As shown, the selected system would have the following important features:

- ConRail would consist of the present Penn Central, the Reading (less the Reading's Philadelphia and Allentown markets), the Lehigh Valley (from Newark to the point where it intersects the Erie Lackawanna west of Binghamton, N.Y.), the Central of New Jersey, the Pennsylvania Reading Seashore Lines, the Lehigh & Hudson River and the Ann Arbor railroads.
- The Norfolk & Western Railroad would operate its present system, plus the Erie Lackawanna lines from Buffalo to Binghamton and on to Newark. The resulting system would enable the Norfolk & Western, the Delaware & Hudson and the Boston & Maine to operate as an integrated system, should they choose to do so.
- The Chessie would operate its current system plus the Reading's Philadelphia and Allentown markets. Because the present Reading route from Harrisburg to Allentown and Philadelphia also would

² This is due to the late decision of the Erie Lackawanna to seek status as a "railroad in reorganization."

be main ConRail routes, Chessie's access probably would be provided through trackage rights.

- The Delaware & Hudson would operate over its current lines, plus over the Lehigh Valley line from Wilkes-Barre to Allentown. This would protect the Delaware & Hudson's current north-south traffic and establish a "friendly" connection with the Chessie.
- The Boston & Maine, the Maine Central, the Bangor & Aroostook, and the Grand Trunk Western would retain their present independent status as would the Detroit, Toledo and Ironton and the Pittsburgh & Lake Erie. They also would be strengthened through the coordination projects.

It is important to note that implementation of the Association's recommended industry structure depends critically on the successful conclusion of complex negotiations between USRA and the Norfolk & Western and the Chessie. Each solvent is examining the proposals in terms of its responsibility to its shareholders, with a view to minimizing the financial risk involved. Should both of these solvents decide that it is not in their best interest to participate in the proposed restructuring, USRA would need to adopt one of the less satisfactory system options. USRA and the solvents will continue discussions prior to the issuance of the Final System Plan.

Freight Routes Included in ConRail System

After arriving at its conclusions concerning the structure of the regional rail freight system, the Association addressed the task of identifying the specific principal and secondary through routes and feeder routes that should comprise ConRail's freight system.

Based on analyses of traffic flows, line and terminal capacities and the condition of the trackage, the Association has concluded that *ConRail should operate over 15,000 miles of principal, secondary and feeder trackage—including 3,400 miles of light-density branch lines* (discussion on this issue to follow). Figure 1 shows the recommended structure, which features:

- 3,000 miles of principal through routes connecting major freight terminals;
- 3,800 miles of secondary through routes that provide system connections, capacity to accommodate future traffic growth and through service, pending completion of the rehabilitation program on primary through routes;
- 8,200 miles of feeder routes to be used for gathering local traffic and moving that traffic into yards, and
- twenty-five major system yards to accept and classify traffic for movement over the principal freight routes.

The Association believes this ConRail system adequately meets the needs of the shippers and contributes significantly to meeting the total rail transportation needs of the Region.

Light-Density Rail Lines Included in the System

The Association has concluded that ConRail can and should provide services over at least 3,400 miles of light-density lines based on review of 9,600 miles of light-density lines now receiving service. This conclusion implies that the operations over about 6,200 miles of light-density lines should be subsidized or service should be discontinued.³

The subsections that follow discuss the nature of the light-density line issue, describe the method used by the Association in determining which lines should be included in the ConRail system and present specific conclusions on lines to be included.

Issue of Light-Density Lines

The issue of how best to decide on the light-density lines to be included in ConRail's system was among the most complex faced by the Association for it required careful consideration of the somewhat conflicting implications in the various goals of the Act. For example, the goal of economic self-sufficiency requires that ConRail not be saddled with providing unprofitable service, and service over many light-density lines clearly would be unprofitable. The Act also specified, however, that USRA define a rail service system that meets the needs of the Region and minimizes adverse community effects and disruptions in service to shippers.

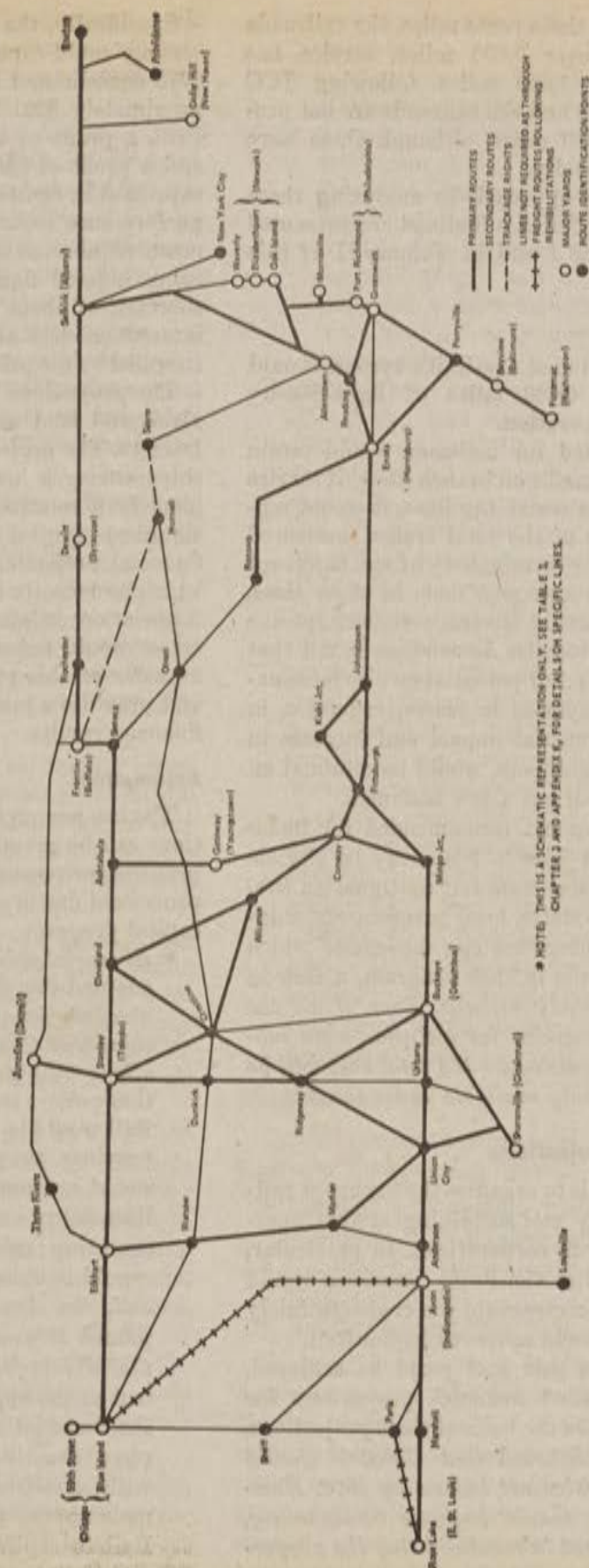
Approach to Analyzing Light-Density Lines

Against this background, USRA took the following steps in examining light-density lines. First, USRA defined an analytic process aimed at ascertaining for each present and potential (after through traffic rerouting) light-density line the economic contribution or burden on the railroad operating such service. Second, data were collected for each line that included physical characteristics, freight service over the line, shippers on the line and traffic characteristics. This material was provided by railroads serving the line, individual shippers, federal agencies and by concerned citizens and state groups usually in testimony given in public hearings held by the Rail Services Planning Office. Finally, each was analyzed to determine whether revenues currently generated are sufficient to cover the costs directly attributable to that traffic.

In all, the analysis encompassed 844 line segments and 11,800 miles (not including any lines of the

³ Upon receipt of additional information between preparation of the Preliminary and Final System Plans, USRA will analyze the traffic growth potential of these lines. On this basis, additional light-density lines may be recommended for inclusion in ConRail's system. The Association will also give further review to those lines which have recoverable coal reserves.

FIGURE 1
THE CONRAIL SYSTEM PLAN: *
PRINCIPAL FREIGHT ROUTES AND MAJOR CLASSIFICATION YARDS



Erie Lackawanna). Of these route miles, the railroads now provide service over 9,600 miles, service has been abandoned over 1,200 miles following ICC abandonment procedures and the railroads are not providing service over 1,000 miles, although these have not been abandoned formally.

A description of the approach to analyzing these light-density lines and USRA's findings are presented in Chapter 7 of Volume I and in Volume II of this report.

Conclusions

The Association concluded ConRail's system should include 3,400 of the 9,600 miles of light-density lines currently under operation.

The lines recommended for inclusion would retain about 75 percent of the traffic on branch lines; if service were discontinued on the remaining lines, it would represent only 4.5 percent of the total traffic (measured in carloads originated or terminated) of the bankrupt railroads. Though it is apparent that, in some cases, termination of service would adversely impact specific shippers and communities, the Association found that the overall regional impact of potential service termination, based on unemployment increases, reduction in county income, environmental impact and increase in transportation costs to shippers, would be minimal on a county-level basis in all but a few instances.

The light-density lines not recommended for inclusion in ConRail's Final System Plan may be eligible for the joint 2-year federal-state rail continuation subsidy program. Thus, the states, local governments, shippers and private organizations can determine which lines they wish to include in that program, a task in which USRA stands ready to help. *Even if all the branch lines not recommended for inclusion were subsidized, the Association estimates the total cost will be within the funding subsidy available under the Act.*

ConRail Financial Projections

A key goal of the Act is to organize the bankrupt railroads into a financially self-sustaining system operated by private, for-profit corporations. In particular, Congress anticipated that ConRail's securities would have sufficient value to compensate the creditors fairly and equitably for the assets conveyed to ConRail.

To ascertain whether this goal could be achieved, USRA developed detailed financial projections for ConRail through 1985. On the basis of these projections, the Association has concluded that *ConRail should begin generating a positive net income by 1978. However, while net income should improve continuously, the substantial investment in rehabilitating the properties will cause a negative cash flow for 12 to 14 years after start-up.*

Specifically, the projections show that ConRail reasonably could expect to improve its net income from a 1973 consolidated loss of the bankrupt carriers of approximately \$221 million to a \$91 million deficit in 1976, a profit of approximately \$161 million in 1980 and a profit of \$382 million in 1985. These figures are expressed in constant dollars; if inflation is considered, performance looks less impressive. Due to the investment requirements over the 10-year period 1976-85, using inflated figures, ConRail will have a financing shortfall of about \$3 billion (including rehabilitation, interest on debt and losses) that probably will not be supplied by the private sector.

The projections were developed through detailed analysis and field work by the Association and its contractors. The projections derive from intricate relationships among a host of variables, but it is possible to identify a relatively small set of assumptions with a significant impact on the financial results. The ConRail financial projections do not include Erie Lackawanna which so recently came into the planning process. The Association estimates that revisions reflecting that increase would not materially change the result. The remainder of this section discusses the key assumptions and provides a more detailed presentation of projected financial results.

Assumptions

The key assumptions underlying the financial projections can be grouped into four areas: financial policy, profit improvement due to revenue increases, profit improvement due to cost reductions and rehabilitation and capital program.

- *Financial policy.* Early in its work, the Association adopted two financial policies that are reflected in the financial projections. *First, the Association decided that ConRail should not cross-subsidize operations that generate financial losses.* In adopting this policy, the Association anticipated that ConRail would be fully compensated for the services it provides to passenger authorities. Moreover, it would not operate over unprofitable light-density lines unless some other organization provided a full operating subsidy; and noncompensatory rates would be raised to at least a breakeven level. *Second, the Association adopted an accounting approach termed "modified betterment accounting," that differs from the usual ICC approach.* The intent of the approach is to portray more effectively the financial status of a railroad facing the complete rehabilitation of its basic facilities contrasted with a railroad needing to continue an ongoing maintenance program. The approach allows ConRail to capitalize the rehabilitation expenditures necessary to return the property to a normal condition rather than recording the entire expense in the

year incurred. The result of using this approach is a truer year-to-year picture of revenues and their associated costs; it does not in any way change ConRail's cash requirements.

- *Profit improvement from revenue increases.* As a starting point in projecting ConRail's revenues, USRA projected traffic growth, commodity by commodity, through 1985. The effort indicated that by 1985, total freight tonnage should increase 64.6 million tons over 1973 volume (352.2 million tons), reflecting an annual compound growth of 1.41 percent. Coal, accounting for 52 percent, is the most significant contributor of this tonnage increase. All other commodity growth is forecasted at an annual figure of .99 percent (compounded) in the period through 1985; this compares to .85 percent in the period 1968-73.

These traffic increases should result in 1985 freight revenues that exceed 1973 revenues by \$876 million (expressed in 1973 dollars). Trailer-on-flat-car (TOFC) service represents the largest share, contributing \$135 million in additional revenues in 1985, and selective rate increases relative to currently unprofitable traffic will provide \$6.7 million in revenues in 1976 and reach \$64.4 million in 1985.

Reflecting the financial policies concerning cross-subsidization, the Association also has assumed full recovery of passenger deficits (\$55 million in 1976 and decreasing to \$31.8 million in 1985) and the provision of light-density line subsidies (\$27.7 million in 1976 and 1977, then phasing out).

- *Profit improvement due to cost reductions.* Working from detailed field analysis, engineering studies, etc., USRA staff estimated that total improvement in cost performance that reasonably could be attained by ConRail. Assumptions in four expense areas had the most significant impact on financial results.

- *Maintenance of way expenses* will be lower due to reduction in system size, although the unit costs will be higher as a result of maintaining ConRail's track and facilities at upgraded levels. ConRail will have average annual maintenance of way expenses some 60 percent higher per mile than the bankrupt railroads expended recently.

- *Maintenance of equipment expenses* should increase slightly over the period, reflecting the higher locomotive and car maintenance costs needed to reduce the high equipment bad order ratio of the bankrupt railroads.

- *Transportation expenses* should decline gradually, beginning in ConRail's first year of operation. This gradual decrease should result from the implementation of improved car handling procedures and systems, consolidation gains, and

greater efficiency resulting from rehabilitation of facilities.

- *Net car hire paid* is estimated to improve substantially over this period (savings will increase from approximately \$29 million in 1976 to \$80 million in 1985). This favorable change results from the assumed use of an improved car management system, the impact of rehabilitation on train speeds, (enabling ConRail to achieve better car utilization), and the assumption that ConRail will acquire cars through purchase rather than lease (thus reducing the amount of lease payments).

- *Rehabilitation and capital program assumptions.* The Association estimates that during ConRail's first 10 years \$2.0 billion (uninflated) or \$4.2 billion (inflated) will be needed for rehabilitation and capital improvements to track structure and facilities. New locomotive and car purchases will total \$.6 billion (uninflated) or \$1.0 billion (inflated). This program when completed should bring the right-of-way, facilities, motive power and equipment to standards generally maintained by more profitable and efficient carriers in the Nation. To maximize dollar return, optimize service and maintain flexibility, rehabilitation funds expended in the initial years, recognizing material constraints, would be devoted principally to ConRail's primary through freight routes and major yards. Under this rehabilitation strategy, the main lines will be brought up to adequate standards (50-60 m.p.h.) within 3 to 7 years. It means, however, that many secondary and branch lines will have only minimum maintenance done during this period. Capital expenditures for modernization projects and new equipment would be devoted principally to signal projects and new locomotives.

Financial Results

Table 1 presents key financial data projected for ConRail over the period 1976 to 1985. These show that:

- ConRail will operate with a net deficit of \$91 million in 1976, its first full year of operation,
- ConRail will break even in 1978, its third year of operation and
- Net income in 1985 will be \$382 million.

Such an improvement in net income represents a dramatic turn-around in view of recent trends of the Northeast's railroads. Yet, the improvement should be possible because ConRail is not intended to be a composite of the bankrupt carriers, but a revitalized, restructured railroad serving the same territory now served by the bankrupt carriers. The opportunity to repair and rehabilitate track and facilities of six railroads is unique in the railroad industry.

TABLE 1.—Summary of key financial projection data, 1976-85

[In millions of dollars]

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Operating results in 1973 dollars:										
Railway operating revenues:										
Freight.....	\$1,892	\$2,000	\$2,016	\$2,055	\$2,089	\$2,124	\$2,161	\$2,196	\$2,234	\$2,271
Passenger and other.....	488	503	503	502	503	499	491	495	491	488
Total railway operating revenues.....	2,380	2,503	2,519	2,557	2,591	2,623	2,652	2,691	2,725	2,759
Income (loss) before taxes and interest.....	(54)	26	100	212	242	300	333	367	427	488
Net income before income taxes.....	(91)	(27)	32	135	161	218	253	289	349	408
Net income before income taxes in inflated dollars.....	(94)	(38)	10	99	107	142	156	169	205	238
Selected balance sheet items in inflated dollars:										
Net properties.....	665	1,062	1,406	1,889	2,302	2,772	3,174	3,606	4,223	4,771
Total assets.....	1,531	2,040	2,489	2,989	3,476	4,008	4,477	5,078	5,678	6,281
Net external financing: ¹										
Equipment notes.....	215	178	195	221	254	296	307	371	441	511
Federal notes.....	554	953	1,254	1,537	1,798	2,066	2,282	2,532	2,781	3,031
Total.....	769	1,130	1,449	1,758	2,052	2,361	2,589	2,923	3,222	3,542
Retained earnings (deficit).....	\$ (94)	\$ (132)	\$ (121)	\$ (22)	\$ 84	\$ 227	\$ 383	\$ 552	\$ 736	\$ 925

¹ Excluding the amounts assigned to any assets acquired by conveyance from the bankrupt estates and any securities issued at conveyance other than the equipment sold or exchanged which is included in net properties, total assets, and equipment notes.

The forecast results are not out of line with the current performance of a well managed railroad. Table 2, a ratio analysis, compares anticipated ConRail performance with that of 10 solvent railroads. It shows that ConRail will need to perform well to achieve these results, but that other railroads have, in fact, reached the assumed levels. Thus, the performance assumptions underlying these projections appear to be reasonable.

The Association stresses, however, that the levels of performance underlying the above projections will not occur by happenstance. *The performance of ConRail will exceed that of the bankrupts only if ConRail employs management leadership of the highest quality.* The selection of ConRail's top management team ultimately will determine whether ConRail becomes a railroad on the way to a healthy future or a sick corporation salvagable only by continuing infusions of government funds.

The Association's financial projections are based on

long-term secular trends and the improvements identified and implementable by a good management. *Nevertheless, the present state of the U.S. economy compounds the uncertainties of the future and suggests some caution in reviewing their precise accuracy.*

Impact of Inflation. The results just presented have been stated in constant 1973 dollars. Inflation, however, can change the results significantly. To demonstrate its impact, USRA prepared projections reflecting anticipated inflation rates through 1985. Estimates used by USRA indicate that inflation will continue above 10 percent for 1975 and gradually recede to about 5 percent by 1980, remaining in that vicinity through 1985. Using these assumptions, ConRail's financing needs would change in that:

- Debt as of 1985 will be \$3.5 billion, representing an increase of \$2.4 billion over the uninflated case and

⁴ The details of these estimates are included in Chapter 14 and primary information presented on Table 4.

TABLE 2.—Comparison of key operating ratios,¹ ConRail and other railroads

Railroad Performance

Key operating ratios	Penn Central 1973	ConRail 1976	ConRail 1985	ATSF	Chessie ²	BN	MILW	ICG	N&W	SOU ²	SP ²	SQL	UP
Operating expenses/railway operating revenues.....	0.827	0.896	0.717	0.701	0.748	0.826	0.803	0.752	0.725	0.714	0.770	0.708	0.750
Maintenance-of-way/railway operating revenues.....	.130	.164	.114	.156	.120	.163	.166	.138	.117	.162	.122	.165	.138
Maintenance of equipment/railway operating revenues.....	.167	.175	.157	.186	.159	.167	.140	.155	.179	.170	.166	.183	.150
Transportation expense/railway operating revenues.....	.470	.481	.387	.381	.382	.415	.415	.381	.359	.310	.392	.384	.370
General, administrative and other expense/railway operating revenue.....	.060	.076	.059	.068	.085	.081	.082	.077	.070	.066	.071	.060	.070

¹ Revenues and expenses for ConRail and all other railroads were computed using accounting rules comparable to those used by the industry in 1973. In addition to adjustments made to transform ConRail from a modified betterment to an ICO betterment accounting method, other adjustments were made to reflect revenues and

expenses on a basis comparable with other railroads with respect to light-duty freight subsidies, Amtrak remuneration and recoveries of passenger deficits not currently being reimbursed.

² Consolidated companies.

- *ConRail will require external financing (largely assumed to be federal) until after 1985, rather than stopping borrowing in 1981 as in the uninflated case.*

Simply to maintain the income projections shown, a regulatory policy is required that permits rate increases equivalent to costs without significant time lag. In addition, rate increases which do not allow for full recovery of investment costs compound the problem. As the work of the Association proceeds, it is critical that all parties associated with the future of the Northeast rail system—especially industry management and regulatory bodies—appreciate the impact of regulatory policies and procedures and work to improve them.

Conrail Financing

As shown in Table 1, ConRail's net external financing requirements over the 10-year period 1976-85 are likely to be \$3.5 billion.⁵ The Association projects that private sources will provide about \$.5 billion of this sum (primarily in equipment notes), but the long-term debt requirement not met from private sources will be about \$3 billion by 1985. Since the Act allows government guarantees of only \$1 billion of ConRail debt, a \$2 billion shortfall must be made up.

The financial projections show that ConRail would likely be able to service additional debt of this size if its operating performance matches that assumed in the projections. However, the Association does not believe that the private sector would be willing to provide additional funds in this total amount without some form of government participation.

Hence, the Association has concluded that ConRail will need financing in excess of the \$1 billion now provided in the Act. However, given the desire to implement quickly a private sector solution to the Northeast rail problem, should this assistance be provided by the government, it must be in a way that minimizes the duration of the government's involvement.

The Association faced two broad options in considering the financial question. It could have instituted means to reduce the financing requirement so that ConRail could function using the \$1 billion provided in the Act, or it could have recommended that the government take steps to meet ConRail's additional requirements. More specifically, the alternatives are of two kinds:

- *As a means of enabling ConRail to function within the funding in the Act, reduce either the miles of track in the system or the scope of the rehabilitation program. To stay within the financing pro-*

vided in the Act, USRA attempted to define a reduced rail system that would enable ConRail to become financially self-sustaining, yet require only \$1 billion in government financing. The analysis⁶ showed that the resulting system size would approximate 5,000 miles, eliminating over 75 percent of the existing trackage of the bankrupt carriers. This alternative was rejected as incompatible with the goal of meeting rail service needs in the Region.

The Association also considered reducing the level of the rehabilitation program by reducing expenditures over the entire system. This alternative also was rejected. The condition of the principal routes and yards is so poor and yet so important to enable ConRail to provide good service that a rehabilitation program that spread the available funding over the entire system would result in uniformly poor service and efficiency systemwide and simply perpetuate what exists today.

- *Additional means of financing ConRail should be established.* The Act has several programs designed to provide financial assistance to the Northeast railroads. However, none of the programs provide sufficient long-range financing to ConRail, or to other railroads. It is the USRA's conclusion that the federal government appears to be the only available source of this financing for ConRail. Thus, the Association has begun to consider how this long-range solution might be developed.

The Association's studies on alternative forms of financing, combined with its work on valuation of properties, will provide the basis for a complete recommendation on financing to be presented in the Final System Plan.

Northeast Rail Passenger Service

The Association has concluded that passenger service in the Region should be improved by shifting primary financial and operational responsibility for the Northeast Corridor⁷ from ConRail, carrying out a major upgrading program in the Northeast Corridor and developing 16 other passenger corridors. The sections that follow briefly describe the background to USRA's passenger service work and discuss each conclusion.

Since the primary planning effort was to be freight oriented, Congress sought to emphasize explicitly the importance of passenger service in the Region. Specifically, the Act states that the Final System Plan

⁵ USRA attempted to evaluate the financial implications of such a system, but it is not possible to develop complete financial projections for this option because of the major adjustments in traffic flows, costs and revenues associated with this option.

⁷ The Corridor is defined as the present Penn Central's route from Boston to Washington.

should help effect "the movement of passengers . . . including the requirements of commuter and intercity rail passenger service . . . and the identification of all short to medium distance corridors in densely populated areas in which the major upgrading of rail lines for high speed passenger operation would retain substantial public benefits." Moreover, the Act instructed the Secretary of Transportation to improve service in the Northeast Corridor.

In response to this mandate, USRA conducted a study of the scope and quality of rail passenger service in the Region—focusing primarily on the identification of intercity corridors that would be appropriate candidates for upgrading programs. Building on this study, the Association concluded that:

- *Responsibility for the Northeast Corridor should be transferred from the freight railroads.* The Northeast Corridor could play a more effective role in intercity transportation than it does today. The Washington-Newark portion of the Corridor has heavy freight services now and there is much interference between freight and passenger operations. With the implementation of recommended service improvements (increased frequency and speed), the interference problem could become more severe. The Association recommends that ConRail through-freight services be rerouted to separate most freight and passenger train operations. Local freight service will continue to be provided by ConRail, but ConRail should yield responsibility for the entire Northeast Corridor—which will be used principally for passenger service. Through freight services currently provided in the Corridor would be transferred to a parallel route composed of segments of the Baltimore & Ohio, the Reading and the Lehigh Valley railroads. It is anticipated that this transfer could be accomplished over the next few years.
- *Corridor service in the Region should be considered for extension and improvement between 16 city pairs:* USRA identified 16 city pairs as candidates for new or improved corridor service (Figure 2). The most significant new corridor service would be provided between the cities of Cincinnati and Detroit, Cleveland and Pittsburgh, Chicago and Cleveland and Washington and Pittsburgh. The services recommended would be intermediate speed (80 m.p.h.), modest frequency operations. Improvements from that base could proceed if demand warranted. The start-up date for most services will be 3 to 5 years hence as most will utilize ConRail track which must first be rehabilitated.

As a closing point relative to passenger service, the Association emphasized the need to resolve an issue that

has been the source of considerable controversy and irritation—namely the issue of compensation to freight railroads for the provision of passenger services. This controversy has contributed to a lack of cooperation in many instances between the freight railroad and the passenger authorities—and performance in providing passenger service has suffered. While USRA is not seeking to blame past problems on one side or the other, it stresses the need to establish arrangements that fully and equitably compensate freight and passenger organizations for the services they provide to each other.

Thus, USRA recommends that the approach to be used in determining the compensation rendered is for the facility to be owned/controlled by the exclusive or dominant user, bearing the full costs; the secondary user should pay an appropriate charge for the use of the facilities.

In sum, USRA believes its recommendations on passenger services will contribute to the improvement of both passenger and freight services in the Region. It provides for improved passenger service in these areas where it is most needed; it fixes responsibility for passenger service with authorities whose whole concern is with the passenger; and it clarifies and establishes fair and equitable principles for compensating either freight or passenger agencies for services one renders to the other.

USRA's Continuing Program

A significant amount of work remains to be done between issuance of the Preliminary and Final System Plans. Broadly, the tasks to be carried out include completing USRA's planning work, synthesizing and responding to public comment on the Preliminary System Plan, negotiating with outside parties, assisting in ConRail activation and preparing the Final System Plan.

Negotiating With Outside Parties

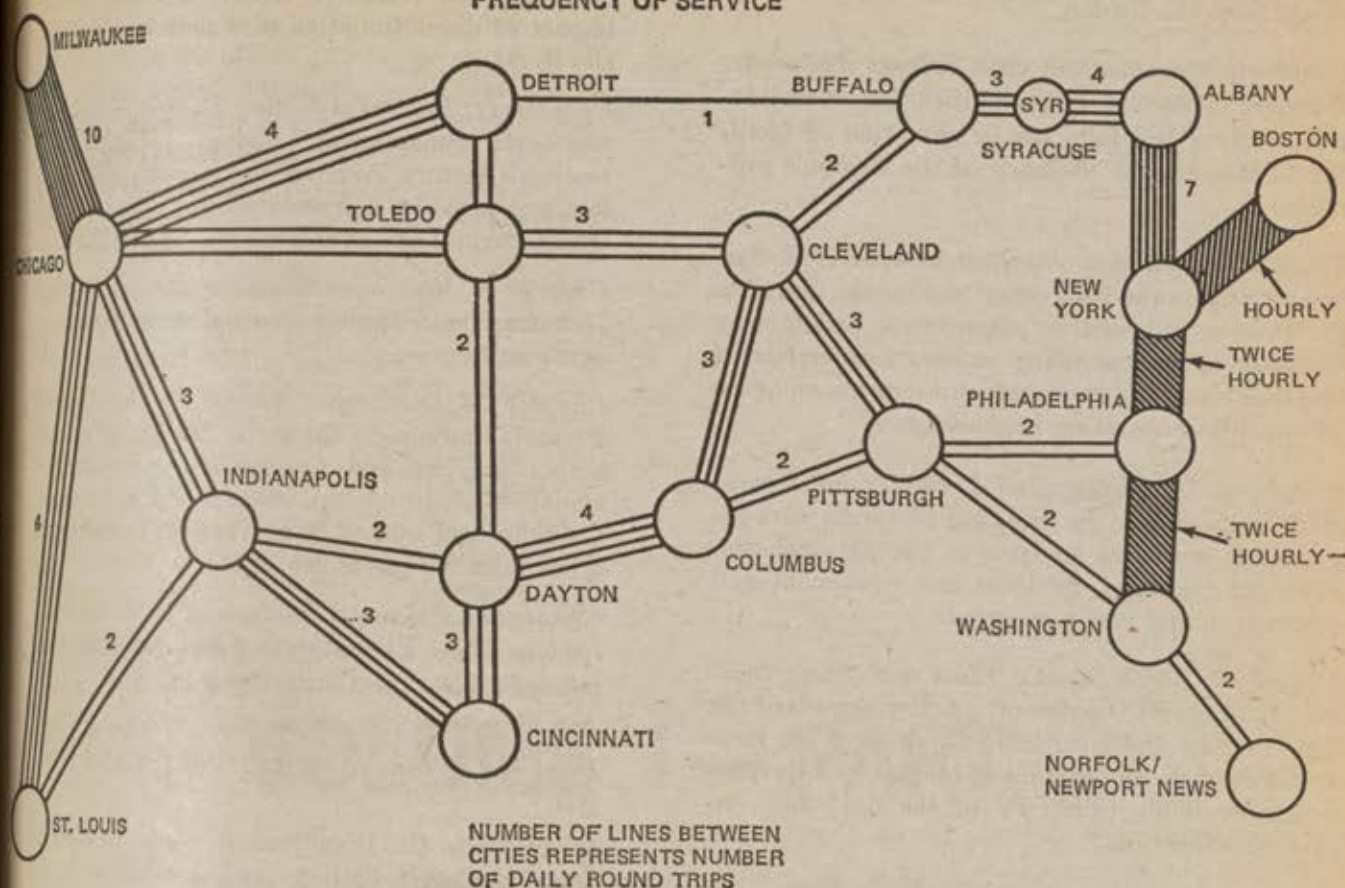
The Association has recommended a number of negotiations in the Preliminary System Plan contingent on the consummation of negotiations with outside parties. Complex negotiations with solvent railroads, Amtrak and public authorities must be carried out in order to implement the Plan's industry structure recommendations. Additional negotiations with respect to light-density lines and coordination projects (e.g., joint facilities agreements) also must be carried out with solvent carriers. Substantial effort will have to be devoted to these tasks to finalize as many agreements as possible prior to the issuance of the Final System Plan.

Completing the Planning Work

A number of critical planning tasks must be completed in the coming months. In financial planning, USRA must value both the properties to be acquired

FIGURE 2

FREQUENCY OF SERVICE



and the securities accruing to the estates and develop a definitive capital structure for ConRail. A second planning task relates to including the Erie Lackawanna in the system. USRA must conduct analyses of the Erie Lackawanna's light-density lines, operations, facilities and equipment. In the manpower area, USRA must develop a detailed plan for manpower utilization and deployment, project labor protection costs under Title V of the Act and assess the benefits of utilizing an employee stock ownership plan.

Responding to Public Comment

During Rail Services Planning Office hearings, a number of interest groups including state and local governments, shippers and creditors will review and make substantive comments on the Preliminary System Plan. The Association must be in a position to assimilate these comments, respond to questions raised and factor these results into ongoing planning work. Information received will, for example, result in a reevaluation of many light-density line decisions to determine where they should be included in the Preliminary System Plan should be included in the Final System Plan.

Assisting in ConRail Activation

USRA is only the planning agency for the revitalized Northeast rail system; management of ConRail and other railroads must make the plan happen. A large number of projects must be launched between now and conveyance day in order to place ConRail on a sound footing to begin operations. Such projects will relate to organization, executive selection, administrative systems, operations control, budgeting and a host of other tasks associated with ConRail start-up. USRA must play a leadership role relative to these activities.

Preparing the Final System Plan

Through the months ahead, the Association must review and refine all conclusions reached in the Preliminary System Plan. Drawing on new information, RSPO hearings, results of negotiations, etc., the plan must be revised, approved by the board and prepared for submission to the Congress by July 26, 1975.

Organization of the Preliminary System Plan

The findings and conclusions developed as part of the Association's plan for rail service in the Northeast and Midwest Region are presented in the following 13 chapters of Volume I.

Chapter 3, The Regional Rail System: Presents conclusions on the structure of the rail system that should serve the Region.

Chapter 4, Coordination with Solvent Railroads: Describes potential opportunities for consolidation, pooling and joint use or operation of facilities to enhance the efficiency of the Region's railroads.

Chapter 5 Operating the Restructured Rail System: Analyzes the bankrupts' operations, describes the process followed in preparing a preliminary ConRail operating plan; summarizes estimated ConRail route and terminal requirements and projects ConRail operating improvements.

Chapter 6, Upgrading Rail Facilities and Equipment: Summarizes the results of comprehensive engineering and field analysis of the physical condition of trackage, facilities and equipment and presents an upgrading program.

Chapter 7, Light-Density Lines and Their Community Impact: Discusses the policy aspects of the light-density line problem, the impact on communities of discontinuance of service, and the programs available (Title IV of the Act) for continued rail service.

Chapter 8, Intramodal and Intermodal Competition: Describes the competitive environment between railroads and among railways, trucks, barges, pipelines and air cargo carriers and raises issues of public policy.

Chapter 9, Marketing Rail Freight Service: Describes the traffic and revenue forecasts used to develop financial projections and lays out ConRail's pricing strategies.

Chapter 10, Availability of Service by Alternate Modes: Describes economic and social costs of diverting rail traffic to trucks, focusing on the impact of discontinuation of service on light-density lines.

Chapter 11, Factors Affecting Environmental Assessment: Summarizes energy, pollution and aesthetic factors involved in transportation services and provides a foundation for examining the environmental effects of the Final System Plan.

Chapter 12, Manpower Requirements and Policies: Discusses the manpower plan and the implementing agreements.

Chapter 13, Passenger Service in the Region: Presents findings on the scope and quality of passenger services and summarizes conclusions on transfers of ownership, control of the Northeast Corridor and service improvements needed in 16 other intercity passenger corridors.

Chapter 14, Financial Analysis of the Preliminary System Plan: Presents pro forma financial statements for the single ConRail system.

Chapter 15, Financial Programs Under the Act: Describes the financing programs provided in the Act.

Appendixes to the Plan present results of detailed analyses to support findings and conclusions in the chapters and provide general background information and a bibliography of USRA reports.

Volume II of the Preliminary System Plan describes the detailed analytic process used in developing the light-density line conclusions and provides a detailed description of each line analyzed and the recommendations on each line. Appendixes describe community impact analyses and present line-by-line recommendation.

VOLUME I—PART 2

**Presentation of the
Preliminary System Plan**

VOLUME I - PART 2

Preliminary System Plan Presentation of the

3

The Regional Rail System

The central issue facing the Association has been to determine how the services and properties of the bankrupt carriers should be restructured so as to achieve the goals of adequate and efficient rail service and a self-sufficient private sector ConRail at minimum cost to the taxpayer.

USRA considered four major operating alternatives for restructuring the bankrupts. They are:

- *ConRail I—a merger of all bankrupt carriers,*
- *ConRail East and West—ConRail East as a large eastern terminal district railroad with the western lines of Penn Central as a ConRail West,*
- *ConRail North and South—essentially a breakup of the Penn Central along the lines of the former Pennsylvania and New York Central railroads and*
- *ConRail/Neutral Terminal Companies—merger of the bankrupt lines while concurrently providing solvent carrier access to the major eastern markets.*

This last option provided the basis for resolving the regional structure issue and meeting the various goals and purposes of the Act. It would maintain competition in the major east coast markets, minimize track

and terminal duplication (thereby minimizing rehabilitation costs) and create no new operating entity, other than ConRail, in the Region.

The structure recommended for the Region is a Three Carrier System involving ConRail (consisting basically of Penn Central), the Chessie and the Norfolk & Western. Segments of smaller bankrupt carriers (including Erie Lackawanna) would be transferred to each of these carriers. Discussions are progressing with the solvent carriers to determine the potential for achieving this recommended structure.

In achieving the critical balance required by the goals of the Regional Rail Reorganization Act of 1973, the most difficult task in developing the Preliminary System Plan has been the definition of the industry structure for the Region. Embodied are the elements of competitive service, efficiency, preservation of the financial strength of the solvent railroads and, most of all, achievement of a new company able to sustain itself financially at minimum cost to the taxpayer.

The regional system recommended by the Association involves organization of ConRail around essentially the Penn Central and portions of the smaller bankrupts with transfer (either property or operating rights) of other, significant portions of these smaller bankrupts to the Chessie System, Norfolk & Western and Delaware & Hudson. It maintains competitive service at major points in the Region and equal competitive access to routes. Furthermore, it achieves significant rationalization of plant. As a Three Carrier System (ConRail, Chessie and Norfolk & Western and connections), it appears to provide the best chances for future stability of earnings and service in the Region.

The risks and capital requirements involved in an undertaking as vast as the formation of ConRail require caution in the early years of development. Blindly proceeding towards the stated structure could make ConRail the instrument of both further financial failure and increased government involvement in the operation of the railroad. To that end, in the following description of the process to develop the proposed regional rail system structure, the requirement for future change or evolution is indicated.

To present the industry structure, this chapter is divided into three basic parts:

- USRA-recommended structure for the Region, outlining where and by whom various rail services should be provided and the reasons for USRA's determinations, including concepts considered and rejected.
- A summary description of the principal ConRail routes, ConRail operating and modernization strategies and
- A discussion of special issues relating to the operat-

ing structure that are caused by the financing problems of ConRail.

One option available under the Act would be for the Association simply to merge all of the bankrupt carriers into a single carrier (presumably including Erie Lackawanna and Boston & Maine as both were bankrupt when the Act became law). The structure of the Act is predicated on the assumption that, if the bankrupt carriers were merged, rationalized and rehabilitated, the resulting efficiency gains would result in a financially self-sustaining entity. While the law seeks economic self-sufficiency as a major goal, it also requires that the reorganized system provide adequate and efficient rail service to the Region, that it retain and promote competition and preserve, to the extent consistent with other goals, existing railroad service patterns.

Considering all of the goals of the Act in concert, the planning effort simply cannot solve the problems of the bankrupt carriers by bringing about the demise of other carriers through the creation of a more viable competitor in the Region. The avoidance of any impact on solvent carriers is not possible, but adequate and efficient rail service in the Region cannot be achieved if the well-being of the presently solvent carriers is ignored by the restructuring process.

The importance of the structure is highlighted further by the fact that a process of government funding will initiate a time consuming and expensive program. Once begun, this restructuring process will be difficult to change, so the time for considering various operational alternatives is before it has been set in motion. For this reason, numerous structures were analyzed. Comments from the Rail Services Planning Office (RSPO) hearings, from shippers and from solvent carriers in the Region further emphasized that a USRA planning process ignoring any solution except merger of all the bankrupt carriers would be irresponsible.

The Present Structure

An understanding of the complexities of industry structure necessarily must start with the basic traffic

TABLE 1.—Rail traffic in the Northeast and Midwest Region, 1972

[In thousands of tons]

State or territory of origin	State or territory of destination																						Total ¹		
	CT	DE	D.C.	IL	IN	ME	MD	MA	MI	N.H.	N.J.	N.Y.	OH	PA	R.I.	VT	VA	W.V.	Off- cial	South.	W. Trunk	S. Western		Mtn. Pac.	
Connecticut.....	464	8	0	217	97	57	109	87	182	12	148	433	79	380	7	26	63	64	119	341	131	152	344	2,556	
Delaware.....	28	47	18	141	63	6	83	16	267	0	56	202	251	1,058	0	5	100	156	36	285	36	282	92	2,560	
District of Columbia.....	6	12	0	63	15	23	129	0	23	4	48	45	37	190	0	0	117	465	49	85	79	4	57	1,441	
Illinois.....	131	80	18	35,773	6,450	253	422	452	2,228	41	1,060	944	2,728	2,653	44	36	2,177	2,178	5,470	10,432	10,432	2,307	9,149	95,087	
Indiana.....	20	12	0	6,086	12,007	83	140	34	1,065	2	178	211	1,037	1,848	0	0	442	2,284	811	2,650	980	1,251	1,200	33,847	
Iowa.....	14	9	0	137	33	3,643	36	65	188	51	61	321	182	210	0	110	44	14	52	435	100	73	93	3,882	
Maryland.....	5	47	6	831	1,873	21	563	14	682	10	298	403	1,967	5,728	0	13	430	1,362	419	995	413	382	782	17,440	
Massachusetts.....	463	60	4	562	226	425	106	518	464	246	225	1,506	741	683	24	78	121	90	279	878	535	495	987	9,719	
Michigan.....	61	52	1	2,060	1,963	60	156	108	19,265	36	514	1,178	10,689	1,825	16	13	533	1,884	1,316	4,364	1,464	1,049	1,859	50,430	
New Hampshire.....	55	0	3	80	24	289	12	82	40	83	38	431	159	121	0	28	20	706	54	215	63	63	130	2,638	
New Jersey.....	30	143	6	1,707	428	59	230	120	1,448	25	2,922	1,533	1,597	2,669	2	60	568	711	587	2,644	1,115	1,288	2,300	21,476	
New York.....	456	123	3	1,161	708	356	873	276	1,574	54	636	4,987	2,129	8,535	30	91	456	3,144	882	2,990	1,239	718	2,107	23,779	
Ohio.....	23	87	10	2,845	1,609	253	756	128	3,299	27	630	1,127	30,443	15,230	3	38	2,490	15,100	6,102	11,777	1,413	2,190	2,254	88,879	
Pennsylvania.....	134	234	7	1,990	1,138	403	3,210	147	1,254	47	1,474	2,586	17,973	40,048	21	31	1,806	7,688	849	3,637	1,308	925	1,866	88,843	
Rhode Island.....	22	3	0	63	13	14	16	72	19	5	42	131	63	73	0	3	24	9	7	61	35	44	102	830	
Vermont.....	0	5	0	41	6	91	0	9	90	3	8	44	71	0	0	33	6	0	10	13	42	6	33	530	
Virginia.....	5	69	14	589	261	43	443	19	169	5	194	355	609	571	0	10	23,694	22,067	1,965	10,191	168	803	473	63,247	
West Virginia.....	4	6	8	645	190	8	106	1	302	0	113	156	4,946	644	0	0	1,448	16,631	3,219	2,882	214	404	219	32,221	
Official.....	24	19	25	13,842	2,384	157	96	60	1,087	7	124	448	1,214	701	3	15	219	284	16,631	3,219	2,882	214	404	219	32,221
Southern.....	91	203	12	8,064	4,864	126	1,211	213	2,222	43	1,239	780	5,138	2,687	28	53	9,921	4,784	16,631	3,219	2,882	214	404	219	32,221
Western Trunk.....	11	31	0	8,253	1,441	96	145	62	3,246	23	187	319	1,077	829	19	16	111	148	16,631	3,219	2,882	214	404	219	32,221
South Western.....	23	35	4	2,039	734	46	93	67	1,012	6	475	306	1,469	536	11	24	161	249	16,631	3,219	2,882	214	404	219	32,221
Mountain Pacific.....	35	21	0	3,159	778	21	235	169	1,661	27	440	601	1,368	806	53	15	145	282	16,631	3,219	2,882	214	404	219	32,221
Total ¹	2,000	1,345	152	98,147	27,548	6,537	8,705	2,666	43,141	785	11,307	19,805	86,081	87,838	261	700	46,155	80,321	22,302	54,778	19,653	13,586	23,133	.....	

¹ Totals may not sum due to rounding.

Source: U.S. Department of Transportation, Federal Railroad Administration, 1973 Carried Weight Statistics, 1974.

patterns in the Region and the role of the major regional carriers in the movement of that traffic. Basic traffic information is displayed in Table 1 and Figure 1; the first shows state-to-state origin destination flows of freight traffic within the Region and flows between the Region and other geographic areas in the Nation. Figure 1 is a density map displaying traffic volumes on the major routes in the Region.

The Region is dominated by three carriers: the bankrupt Penn Central (PC) with 35 percent of the ton miles and 36 percent of the revenue; the solvent Chessie System (Baltimore & Ohio/Chesapeake & Ohio/Western Maryland) with 26 percent of the Region's ton miles and 23 percent of revenue and the solvent Norfolk & Western (N&W) with 21 percent of the ton miles and 17.5 percent of the revenue. Table 2 shows the 1973 freight revenues and ton-miles for all carriers in the Eastern District.

PC has the most extensive network in the Region, with direct service between every traffic producing or receiving area except the West Virginia coal fields. It is the only carrier in the Region providing single line service between all the major eastern seaboard cities and major points in the remainder of the Region. Though largely debilitated today, it usually enjoys the shortest and often the best engineered route between the Region's primary traffic points. This market dominance and potential for operating and service gains led Chessie and N&W to commence negotiations toward a merger of their own, an effort which perhaps partly because of the collapse of PC never has been consummated.

The major solvent carriers, Chessie and N&W, have somewhat similar characteristics. Both have a strong base in the West Virginia coal fields and a manufactured and miscellaneous traffic base concentrated in Ohio, Indiana, Illinois and Michigan. N&W ends in the east at Buffalo and Connellsville (just east of Pittsburgh), while the Chessie's eastern terminal is at Philadelphia. Beyond these eastern terminals, both carriers rely on either potential ConRail carriers or upon reorganizable bankrupts to provide access to important seaboard points.

The fourth largest railroad in the Region is the Erie Lackawanna (EL) with 5.8 percent of the ton miles and 5.6 percent of the revenue. EL is a major east-west trunk line, providing single carrier service from Newark to Buffalo, Cleveland and Chicago. Its route structure both complements and competes with the solvent carriers in the Region. It can bypass Chessie and N&W for traffic to Chicago destined to western connections but works with them (especially N&W) for traffic destined to points such as Detroit and St. Louis. At the east end, it is dependent on smaller roads for access to Philadelphia and Boston.

These four carriers account for over 85 percent of

TABLE 2.—Freight Revenues and Ton-Miles, Eastern District, Class I Railroads, 1973

Eastern District railroad	(In thousands) (Acct. 101) freight revenue	Percent of total	(In millions) (Acct. 608) revenue ton-miles	Percent of total
Akron, Canton, and Youngstown (NW)	8,659	.19	208	.25
Ann Arbor	10,237	.22	616	.25
Baltimore and Ohio (Chessie System)	532,882	11.36	28,898	11.79
Bangor and Aroostock	13,547	.29	493	.29
Bessemer and Lake Erie	50,095	1.09	2,599	1.25
Boston and Maine	67,956	1.47	2,749	1.25
Canadian Pacific	9,230	.20	514	.20
Central of New Jersey	26,701	.58	694	.28
Central Vermont	8,901	.19	334	.19
Chesapeake and Ohio (Chessie System)	467,811	10.15	23,435	11.90
Chicago and Eastern Illinois	43,687	.95	2,988	1.22
Delaware and Hudson	43,277	.94	2,577	1.28
Detroit and Toledo Shore Line	8,621	.19	261	.28
Detroit, Toledo and Ironton	42,439	.92	1,654	.28
Elgin, Joliet and Eastern	56,333	1.22	1,049	.44
Erie Lackawanna	256,862	5.57	14,295	5.90
Grand Trunk Western	104,138	2.26	3,275	1.35
Illinois Terminal Co.	12,727	.28	483	.20
Lehigh Valley	56,178	1.22	3,231	1.32
Long Island	8,570	.19	36	.20
Maine Central	29,419	.64	946	.28
Missouri-Illinois	6,843	.15	266	.19
Monongahela	7,386	.16	300	.20
Norfolk and Western	808,753	17.55	51,630	21.28
Penn Central	1,702,876	36.95	86,061	35.12
Pennsylvania-Reading Seashore Lines	8,310	.18	124	.20
Pittsburgh and Lake Erie	39,082	.85	1,380	.27
Reading	100,841	2.19	3,749	1.58
Richmond, Fredericksburg and Potomac	28,021	.58	1,232	.28
Western Maryland (Chessie System)	50,811	1.10	3,097	1.29
Total	4,609,193	100.00	245,023	100.00

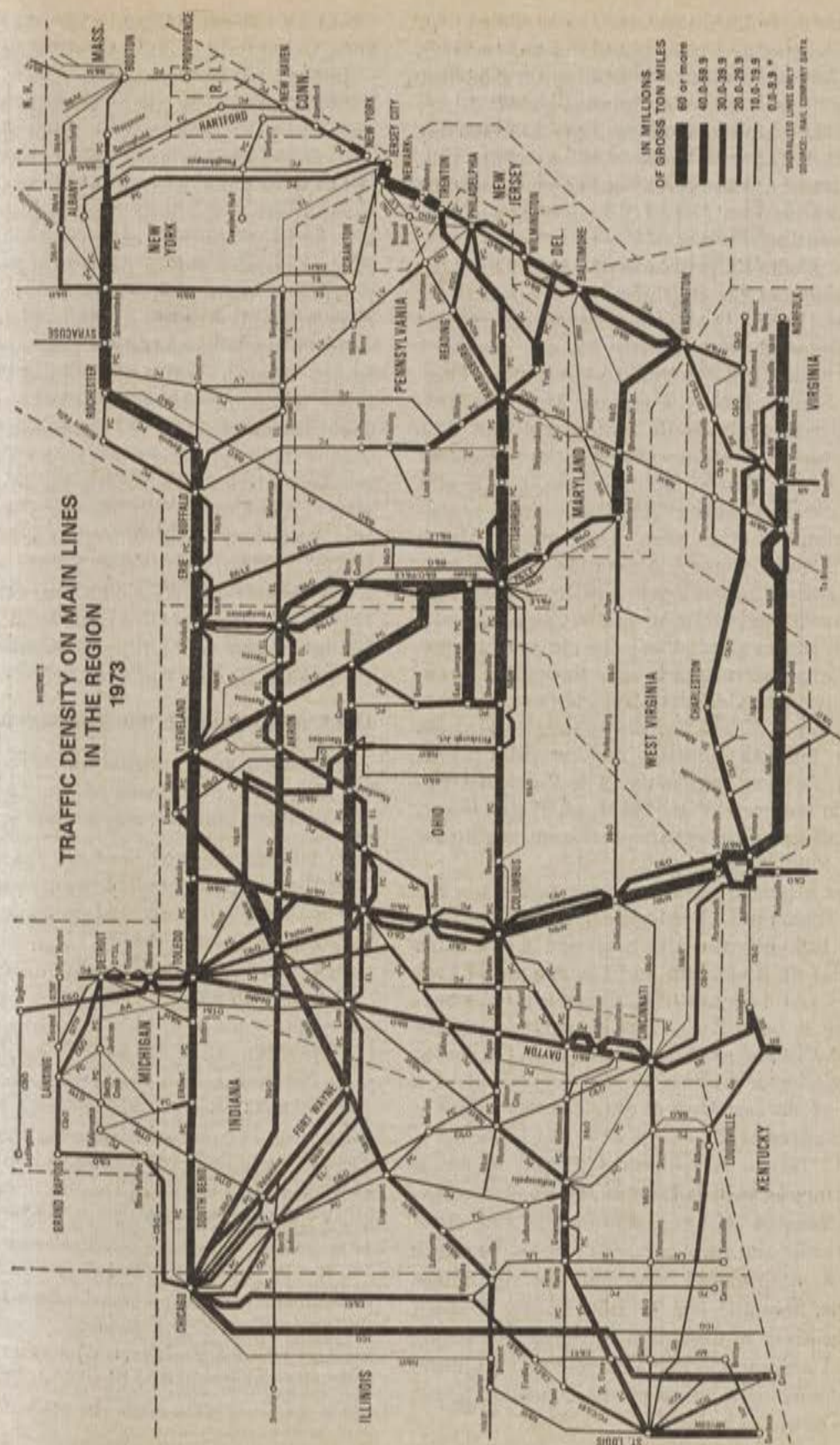
Source: 87th Annual Report on Transportation Statistics in the United States for the year ended Dec. 31, 1973, by the Interstate Commerce Commission. The percentages shown are for the Eastern District as defined by ICC. For data purposes this is the closest approximation to the region.

the Region's ton miles. No other carrier has over 2 percent of the ton miles in this market, but this fact understates their importance. Many serve either as major feeders to the dominant trunk line systems or as key connecting routes.

Each of the following railroads, as indicated earlier in the Plan, are railroads in reorganization. The Central of New Jersey (CNJ) is a major terminal operation in the Newark metropolitan area and into Southern New Jersey; it feeds traffic to the Chessie System in conjunction with the Reading and also to the Lehigh Valley, EL and PC.

The Reading (RDG) is a major originator and terminator of traffic in Eastern Pennsylvania and provides a feeder service to Chessie at Park Junction (Philadelphia) for north-south traffic and at Lurgan, Pennsylvania for east-west traffic.

The Lehigh Valley (LV) has terminal operations in the Newark area, is a strong carrier in the Allentown-Bethlehem market and offers a trunk line service from the eastern seaboard to Buffalo. It provides N&W with access into the Allentown and Newark markets. In addition, its route between Allentown and Wilkes-Barre is a key link in the competitive alternative to PC for traffic to and from New England and the South.



The Ann Arbor (AA) operates from Toledo to Frankfort, Michigan, at which point it has car ferry service across Lake Michigan. It handles very modest overhead traffic plus some local industry traffic.

The Class II Lehigh and Hudson River (LHR) has very little traffic today, but once was an important link between the former New Haven on the east and the major trunk line carriers (EL, LV and former Pennsylvania Railroad) on the west.

The smaller, profitable railroads that are not candidates for inclusion in ConRail also are diverse. Delaware & Hudson (D&H) is an important bridge carrier linking the Boston & Maine with EL for east-west traffic and LV with B&M for traffic between New England and the South. D&H's line into Montreal provides a competitive route to PC's Montreal line. The reorganizable Boston & Maine (B&M), the only competitor to PC in the Boston metropolitan area, is also an important overhead carrier for traffic from northern New England to the west. The solvent Maine Central (MEC) and Bangor & Aroostook (BAR) railroads perform gathering services in Northern New England, feeding traffic to the B&M or the Canadian railroads (through their subsidiaries) for movement west.

The major Canadian railroads have lines into Northern New England. The Canadian National's subsidiary, Central of Vermont (CV), forms a through link with PC from New York to Montreal and provides a central artery for Vermont commerce. The Canadian Pacific (CP) line connects with B&M at Wells River, Vermont, and affords an alternate north-south route for Montreal and other Canadian points.

There are six other important solvent carriers in the Region. The Richmond, Fredericksburg & Potomac (RF&P) is a link between the Seaboard Coast Line Railroad (SCL) at Richmond and Chessie and PC at the Potomac Yard (Alexandria, Virginia) Gateway. The Pittsburgh & Lake Erie (P&LE) serves the steel industry in the Pittsburgh-Youngstown area; it is also utilized by the Chessie System for the movement of a large portion of its east-west through traffic under a trackage rights agreement.

The Detroit, Toledo & Ironton (DT&I), a north-south carrier from Detroit to Ironton, Ohio, is an originator and terminator of steel, automobile and automobile parts traffic and as such feeds the major trunk lines in the Region. DT&I also handles significant amounts of northbound coal. Grand Trunk Western (GTW), a subsidiary of Canadian National, is a major automobile and automobile parts carrier and provides its parent company with access to the Chicago market for movements of east-west traffic.

The Bessemer & Lake Erie and the Elgin, Joliet & Eastern are both owned by U.S. Steel and are primarily haulers of coal and ore and finished steel products. The former operates from Lake Erie (Conneaut,

Ohio) to the Pittsburgh area, the latter from Porter, Ind., west around Chicago to Waukegan, Ill.

Though these carriers are not important in overall regional statistics, their merger in one fashion or another with other carriers could change significantly the competitive balance in the Region. For example, if B&M had not been declared reorganizable and become a part of ConRail, New England would have been left without any rail competition, and the D&H and EL potentially would have been denied a substantial portion of their traffic base. When these smaller carriers undergo structural changes, therefore, ripple effects go well beyond their own boundaries. For this reason, there is great concern about what actions USRA takes regarding the smaller bankrupt carriers which could become part of the reorganized system.

It is important to realize that USRA can make only recommendations concerning the reorganizable and solvent carriers in the Region. Its power to change structure is limited to the bankrupt carriers which are potential ConRail partners. Those carriers, again, are Penn Central (PC), Erie Lackawanna (EL), the Central of New Jersey (CNJ), the Reading (RDG) and the Lehigh Valley (LV), plus the smaller Lehigh & Hudson River (LHR) and the Ann Arbor (AA).

USRA's Approach to the Structure Decision¹

Starting points for analysis of the best structure for the Region are the goals of the Act. Sections 101 and 206 indicate that the major aims are:

- Adequate and efficient rail transportation.
- Minimum cost to the general taxpayer.
- A financially self-sustaining system.
- Adequate competition.
- Preservation to the extent consistent with other goals of existing service patterns in the Region.

¹When basic operational alternatives were being developed and studied, Erie Lackawanna, having been declared reorganizable, was not a potential ConRail carrier. Throughout the analysis, special consideration was given EL because of its marginal financial condition and its importance as a major carrier on the eastern seaboard. No data presented in the discussion of the original options, however, reflects inclusion of EL, e.g., the financial results for ConRail North and South assumed it would be an independent carrier.

EL's subsequent financial problems and its petition to be included in the USRA planning process had a major impact on plans for the various industry structures. The financial implications of EL inclusion in the various alternatives are not available. Significant information on the competitive ramifications of its inclusion had been developed, however, which examined the role of EL as a competitive alternative for the east-west traffic and its relationship to other carriers such as the Delaware & Hudson and Boston & Maine.

Industry structure recommendations assume that EL is part of the planning process and that USRA must make specific recommendations concerning the disposition of its property. For example, it is assumed that ConRail will obtain the EL routes west of Hornell, New York. The precise means of transferring EL assets, whether under the Regional Rail Reorganization Act of 1973 or through liquidation, must await final legislative action. The USRA board has recommended, therefore, that the Act be amended to make EL a railroad in reorganization, thereby extending the benefits of labor protection provisions and accelerating procedures for disposing of deficit lines and transfer of other routes to other carriers. If the Act is so amended, the transfer of EL assets in reorganization would come under its mandatory provisions.

The Association has considered service routes throughout the Region, but a primary focus must be on the area east of Pittsburgh and Buffalo. The extensive services of the solvent carriers west of this area assure continued competitive services. It is in the East that amalgamation of the bankrupt carriers can occur and this could deny both N&W and Chessie access to competitive markets they now enjoy. Although market protection might be maintained through open junctions, N&W and Chessie would have no independent traffic base. ConRail would have the capability of denying traffic to those solvent railroads. Such a decision would be irrevocable; once the physical amalgamations are made, it would be very costly to reverse events.

Given the size and complexity of the rail network in the Region, there was a great variety of possibilities for restructuring services. To organize USRA discussion and analysis and to provide the basis for public discussion, the Association first defined several concepts for reorganization of carriers in the Region. USRA then prepared specific networks under each of these concepts. This second step permitted quantitative analysis of the alternative structures.

The structure concepts were stated in the form of the following hypotheses to be tested. Many are necessarily mutually exclusive.

- Merger of all the bankrupts should produce the most efficient system possible under the existing law.
- Merger of all the bankrupts would result in a monopolistic system on the eastern seaboard. Competition is vital for efficient railroad operations and good service to shippers. Therefore a means must be found for maintaining adequate competition and existing patterns of traffic, to the extent possible.
- The really significant problems of the Region's rail carriers lie along the eastern seaboard, where there is the greatest duplication, level of passenger losses and potential problems from merger of the bankrupt carriers. Therefore, the eastern seaboard should be split off and dealt with as a separate entity, possibly allowing the Penn Central lines in the midwestern portion of the Region to be reorganized conventionally.
- The Penn Central merger was a mistake to start with. Size does not produce significant efficiencies, and both present and future rail needs in the Region could be met more effectively by splitting up the present Penn Central and forming two smaller systems.
- There is no opportunity for a private sector solution unless maximum efficiency in the rail system is achieved. Given the pervasiveness of intermodal competition, there is no reason for continued rail/rail competition, and the Region would be better served if a single monopoly encompassing both the bankrupts and the solvent carriers were created.
- The bankrupt carriers have been economic failures and rail efficiency would be best served if the present

operations were liquidated and absorbed by other carriers—either those within or outside the Region.

• The basic problem of rail carriers is not in their operating pattern but rather in their financial organization. Except for pipelines, rail carriers are the only mode responsible for both operations and for their fixed plants. The separation of operations and fixed plant has been successful for other transportation modes and should be considered as an alternative for reorganization of rail carriers in the Region.

Once these concepts were defined for discussion and analysis, USRA staff considered several specific operating plans for each concept. For example, under the premise that the problem basically lies along the eastern seaboard, the next issue was what constituted the eastern seaboard—east of Buffalo and Pittsburgh or an area roughly comparable in scope with the Northeast Corridor definition (Boston to Washington and out to Harrisburg and Albany)?

In this case, it was determined that passenger activity, potential mergers and originations and terminations of traffic were concentrated heavily along the eastern seaboard, with relatively little activity between such points as Harrisburg and Pittsburgh and Albany and Buffalo. Simply stated, if there was an east coast problem at all, it appeared that it had to be in Newark, New York, Philadelphia and similar points and not in Altoona, Syracuse or Rochester. Therefore, the operational plan studies involved a split at Selkirk (Albany) and Enola (Harrisburg).

One operating plan representing each concept was then chosen for detailed analysis. This process was a starting point and did not necessarily eliminate other operating arrangements for ultimate study; rather, it was recognized that, through the analytical process, further modifications might be made or a specific structure might be rejected entirely.

During this review process, two original concepts also were dropped from consideration. The idea of a regional monopoly, involving merger of all the bankrupts and solvents into a single carrier in the Region was so contradictory to the intent of the law and potentially so difficult to achieve (Chessie and N&W having indicated no desire to want to withdraw from the railroad business) that it did not merit detailed analysis. Similarly, the lack of interest by either N&W, Chessie or other carriers in acquiring large portions of the bankrupt system led USRA to conclude that a detailed analysis of this solution should not be undertaken.²

This process of redefinition, discussion and judgment whittled the more than 10 initial operating options down to four operating alternatives and one non-operating alternative. They are:

² This initial judgment proved to be in error and in fact, studies were initiated on a limited basis to consider this concept.

- ConRail I (merger of all the bankrupt carriers).
- ConRail I/Neutral Terminal Companies (merger of all the bankrupt carriers but allowing solvent carriers access to key east coast markets).
- ConRail East and West (organizing an eastern seaboard regional system with boundaries at Albany and Harrisburg and Washington and a western system consisting primarily of the Penn Central lines either reorganized conventionally or as a separate ConRail entity).
- ConRail North and ConRail South (the unmerging of the Penn Central into a mainline route structure closely following that of the former New York Central and the former Pennsylvania Railroad, with the smaller bankrupts going to either the North System or the South System).
- ConFac, the Consolidated Facilities Corporation (a separate corporation to hold assets for ConRail, thereby concentrating the government role on the fixed plant of the bankrupt carriers).

Assessing the Alternatives

A detailed description of the four alternatives is presented in Appendix C. ConFac as a concept is described at the end of this chapter. The following briefly summarizes each alternative and describes USRA's conclusion regarding how well each structure served the goals of the Act.

ConRail I contemplates merger into one restructured entity followed by rehabilitation.³ As originally envisioned, this option should have resulted in the maximum reduction in duplicate facilities and solved the most critical problem of finding the money and material to rebuild the fixed plant of the bankrupt carriers. It was presumed this option also offered the greatest opportunity for increased efficiency and use of equipment, and therefore greater productivity, of owned equipment and decreased rents for cars owned by other railroads.

ConRail I did not demonstrate sufficient financial results to enable USRA to ignore the potential for further regional problems it engendered. The creation of a monopoly of traffic in Eastern New York, Pennsylvania and New Jersey could cause increasing deterioration of the traffic base of the major solvents after several years. Potentially, an increasing monopoly would be established. Clearly, the position of New England carriers would be worsened with the inclusion of EL. Only the most sanguine financial forecasts, coupled with other techniques of competitive protection, justified this step.

The *ConRail I/Neutral Terminal Company* structure originally was proposed to assure continued competition in certain key markets along the eastern seaboard with-

out the attendant duplication of facilities and operations which would result otherwise. This alternative was to be formed in the same manner as outlined above, except that neutral terminal companies would be set up in the Newark/New York area, in the Philadelphia metropolitan area and perhaps in the Allentown area. As envisioned, these terminal companies would be jointly-owned subsidiaries of the line haul carriers, serving the markets to assure service to all line haul operators to the extent possible. The operating pattern studied would have had Chessie with access to Philadelphia and either N&W or Chessie with access into the Newark area.

The Association concluded that the basic objective of the ConRail I/Neutral Terminal Company option—that of maintaining competition in important markets while minimizing the duplication of mainlines, terminal facilities and operations—provided a start toward a possible resolution of the structure problem. The Association believes, however, that the precise operational plan outlined would require substantial revision in light of the Erie Lackawanna situation, and is reluctant to create new institutions which would be a barrier to the efficient functioning of the line haul carrier. Finally, this modest separation of an acknowledged problem did little to solve it, merely dividing its cost.

ConRail East and West alternative originally envisioned ConRail East organized as a major terminal district operation in the area east of Albany and Harrisburg. ConRail would provide all switching services for cars originating and terminating in the area and then provide line haul service to the major interchange points of Selkirk (Albany), Allentown, Enola (Harrisburg) and Potomac Yard (Alexandria, Va.). While ConRail East would be a monopoly, the connecting services at these gateways would provide competitive service for all long haul traffic. ConRail West would be a separate entity both managerially and operationally and would consist of the Penn Central main lines west plus appropriate parts of the Ann Arbor.

The essential premise of the ConRail East alternative was based on the probability that the separation would isolate the losing operations surrounding the terminals on the eastern seaboard, permitting unique solutions for these problems. Simultaneously, the western operations would become intrinsically more profitable and capable of future success. Analysis of these assumptions, however, proved them inaccurate or fraught with potentially wider dangers.

First, it does not appear that there are unique solutions for the eastern terminal operations; severing significant aspects of the railroads operations more likely would perpetuate the problem. The need to remedy inefficiencies in archaic yard operations or delivery patterns would have to be reinforced with an economic

³ The original concept studied did not include the Erie Lackawanna. The study would have included EL had EL not been declared reorganizable at the time.

incentive, missing if the operations were isolated. Second, this fear is reinforced if the suggestion is followed to make this area permanently government-supported. There is no evidence that subsidies will be temporary.

Third, the possibility of raising rates to cover costs might limit losses (even though not solving basic cost problems); however, it could ensure permanent high-cost operations in these areas. This could stimulate the relocation of present industry or deter new industry, both undesirable for the economic well-being of these areas. Finally, the thought that potential government "nationalization" is contained by this maneuver is erroneous. Any permanently government-supported entity in the industry holds potential for expansion or a convenient vehicle to escape problem solution.

Problems with the eastern terminal concept would be more palatable if the western company clearly showed less of a tendency to fail financially than under other alternatives. The Association's estimate of increased costs of the interface between east-west operations and added investment in rolling stock combined to make the western company slightly less profitable, in forecasts, than ConRail I. Therefore, the USRA found this alternative unsuitable for reaching the Act's goals.

The *ConRail North and ConRail South* alternative involved unmerging the Penn Central system. Many professionals and laymen believe the Penn Central merger was a mistake and that many of the carrier's difficulties can be ascribed to its size. This alternative would divide Penn Central into two firms with route structures roughly following the mainlines of the pre-merger Pennsylvania and New York Central railroads. The smaller bankrupts then would be merged into one of the two systems. The operational plans studied assumed that RDG would be merged with ConRail South and that CNJ, LV, LHR and AA would be merged with ConRail North. The former New Haven properties also would go to ConRail North.

The Association rejected the proposed split on the grounds that its benefits are more illusory than real and would be obtained over the long-term only in the event that more extensive mergers were a factor. Financially, the North-South companies would incur sufficient added cost and require so much added capital that, rather than reducing the risk of possible future failure (i.e., one company failing out of two), they doubled the risk by both being so unworkable. Furthermore, the management requirements of disaggregation, combined with the already critical rebuilding needs, made the prospects of execution slim at best.

Recommended Structure for the Region

Although none of the alternatives discussed were totally satisfactory, the ConRail I/Neutral Terminal Company seemed to have more elements of a solution than any other. The principles embodied in that alternative were the starting point for the recommended solution. They are that:

- The major markets on the eastern seaboard must have competitive rail services, preferably provided by not more than two carriers.
- Duplicative plant and terminal facilities must be minimized; joint trackage and joint yard operations are therefore essential.
- Competition will be best served if the strong solvent carriers are brought into the major markets requiring competition, rather than building separate feeder systems.

Working from these fundamental objectives, what evolved was a "Three-Carrier System" operating structure. (See color fold-in map at back.) The USRA recommended regional system is:

- ConRail consisting of the present PC and the RDG (less the Philadelphia and Allentown markets); LV from Newark to Waverly, New York; CNJ; the Pennsylvania Reading Seashore Lines; LHR and AA.

FINANCIAL ANALYSIS OF THE EAST-WEST ALTERNATIVE

• The financial and operational analysis of the east-west solution disclosed that the two companies combined, in relation to ConRail I, would require 6,000 more freight cars costing \$110 million, 1,900 to 2,700 more employees and approximately one percent more road and track miles.

• This option, compared to ConRail I, would sacrifice the ability to divert traffic to longhaul, be exposed to a loss of significant interchange traffic and cost \$59 million per year in increased transportation, car hire and general expenses.

• An estimated \$80 million additional transportation expense would be incurred during the first five years

while the system was being split into east and west portions.

• These factors resulted in the east-west option requiring at least an estimated \$1 billion more government-guaranteed financing than ConRail I. The amount would depend upon ability to raise nonguaranteed private sector equipment financing.

The costs mentioned above, plus interest on the additional borrowings, restrained the east-west option from a break-even combined net income before 1985. The east portion remained a large loss operation throughout the ten-year forecast period. West was profitable, but its profits were less than those of ConRail I.

FINANCIAL ANALYSIS OF THE NORTH-SOUTH ALTERNATIVE

- The financial and operational analysis of the north-south solution disclosed that the two companies combined, in relation to ConRail I, would require 5,000 more freight cars costing \$95 million, 1,900 to 3,500 more employees and approximately two percent more road and track miles.

- Costs would increase by \$49 million per year in the transportation, car hire and general and administrative expense categories combined.

- An additional estimated \$132 million in transportation expense would be incurred during the first five years while the system was being split into two separate companies.

- N&W operation of the present EL from Buffalo into Newark, N.J., via Binghamton, New York. This operation can be accomplished either through direct transfer to N&W or an N&W subsidiary. The system would result in N&W, D&H and B&M offering a competitive alternative to ConRail across the northern tier of the Region. Certain other adjustments in routes and traffic are possible around this concept.

- Extension of Chessie via the present RDG line through Harrisburg to the Philadelphia and Allentown markets. Chessie should assume direct responsibility for handling the present RDG traffic in Philadelphia; Allentown would be open to Chessie and ConRail. As the present RDG route from Harrisburg to Allentown would also be a main ConRail route, it is anticipated that Chessie's access would be over trackage rights, with ConRail performing the switching services at intermediate points. To Philadelphia, Chessie can also access the Reading using its route from Baltimore. Thus structured, the Chessie system would provide competition along the southern tier.

- D&H acquires LV trackage rights from Wilkes-Barre to Allentown. This would protect D&H's present north-south traffic and would reestablish a "friendly" connection (Chessie) for movements west to Pittsburgh, a connection lost in the Penn Central merger. The same trackage rights also would provide a friendly connection to the Potomac yard via D&H and Chessie.

- Boston & Maine, Maine Central, Bangor & Aroostook, Detroit, Toledo & Ironton, Pittsburgh & Lake Erie and Grand Trunk Western retain their present independent status. Many proposals have been made to merge these properties into other carriers.⁴ Subsequent mergers should be undertaken, but the first priority is to resolve the fundamental problem of restructuring the bankrupt system and continuing effective competition in the major markets on the eastern seaboard.

- These factors resulted in the north-south option requiring more than \$1.0 billion in government-guaranteed financing in excess of ConRail I. The exact amount would depend on the ability of the companies to secure non-guaranteed private sector equipment financing.

The costs mentioned above, plus interest on the additional borrowings, restrained the north-south option from reaching a combined net income in the ten-year forecast period. Although north had a small profit in 1985, it was more than offset by south's loss.

The recommended structure is basically a concept. Discussions are under way with solvent carriers to ascertain their interest in helping to solve the critical problems in the Region and to determine what is required to allow their participation without impairing their financial integrity.

USRA recognizes that significant government expenditures will be required to solve the bankrupt carrier problem; this has been a basic factor in the present reorganization process. The board believes that, with the proper level of federal support, the major solvent carriers could assume an important role in resolving the service problems of the Region. This extension of solvent carriers could result in a solution which is less costly in terms of the taxpayer funds than creation of separate entities designed primarily to feed these carriers.

Alternatives to the Three-Carrier System Solution

Implementation of the Three-Carrier System solution depends on the successful conclusion of complex discussions with N&W and Chessie. One or both of the solvent carriers well may decide that it is not in their best interest to participate in the proposed restructuring. Discussions to date, therefore, have not locked on a single solution but have rather explored alternate possibilities. In these discussions, N&W has indicated its doubts that the EL lines east of Buffalo could be made financially self-sustaining as a part of its system without substantial and probably continuing federal financial aid.

Should one of the solvents not participate, the Association's preferred alternative would be a Two-Carrier System solution.

Specifically, if Chessie is not interested in serving Allentown and Philadelphia as contemplated, N&W could serve these markets. This could be accomplished if N&W were extended southward from the EL main line into both Allentown and Philadelphia and northward from its present Hagerstown terminus into Har-

⁴ Appendix D lists these proposals.

burg and thence eastward into these markets. To deal with the problem that both these routes are somewhat circuitous, USRA contemplates that N&W also could acquire, either through trackage rights or joint operations, the capability to operate directly from central Ohio to Harrisburg over present PC routes.

Similarly, if N&W decided not to participate, then a Two-Carrier System concept could be developed through expansion of the Chessie eastward over present RDG lines as previously discussed and the acquisition by Chessie of the EL from the central Ohio area into Newark and the Binghamton connection with D&H. The present EL main line intercepts the high-capacity Baltimore & Ohio line in the vicinity of Akron and would provide a very competitive route to ConRail while still allowing downgrading of duplicate main lines in the Midwest.

If either of these Two-Carrier System alternatives were developed in lieu of USRA's primary choice, the Three-Carrier System, additional operating rights and transfers might be necessary to create the most efficient participating solvent network.

USRA recognizes that any solvent carrier must be extremely careful in using its private capital to avoid unreasonable financial risk to its owners. Considerable federal financial assistance is available under the Act to minimize that risk, including monies for rehabilitation. Obviously, no solution is totally without risk; inaction could also affect the operations of the solvent carriers.

If a satisfactory solution can be reached with one or more of the solvent carriers, USRA believes the structure envisioned has significant benefits for the Region and goes a long way toward a permanent solution. To reiterate some of the advantages, the proposed structure would:

- Maintain competition in major east coast markets by line haul carriers, thereby avoiding the haphazard division of carrier responsibility which often affects service quality.
- Minimize track and terminal duplication, thereby achieving a competitive system at the lowest possible federal cost.
- Create no new operating institutions such as neutral terminal companies, a Middle Atlantic Rail Corporation or ConRail East (which, if established first and found unsuccessful, would be extremely difficult to undo).
- Merge smaller properties with larger roads; historically the easiest way to effect a merger.
- Maintain the existing major traffic flows and minimize the possible disruption of service which could occur with more radical restructuring programs.

The Middle Atlantic Rail Corporation envisions a merger of CNJ, RDG and LV.

If Neither Chessie nor N&W Participates

If both Chessie and N&W do not participate in the restructuring process on the eastern seaboard, even with major federal financial assistance, the whole concept of competitive railroading in the Region will be affected seriously. If the two solvents both opt not to expand eastward, that indicates they feel the cost to do so is greater than the benefits they may receive. If neither solvent participates, the options then available include:

- Creating two separate operating entities supported by federal funding with the explicit purpose of providing competition, or
- Organizing ConRail I as a monopolistic carrier on the eastern seaboard.

Of these alternatives, USRA believes the best solution would be to form MARC-EL, a second trunk line east-west carrier based on the merger of EL with the key properties of CNJ, LV and RDG (essentially the Middle Atlantic Corporation). To improve competitive balance in the midwest, it is contemplated that MARC-EL would be given access, through joint ownership of trackage rights, of ConRail lines to such gateway points as Cincinnati and St. Louis. To complete the development of an effective competitor, consideration should be given to including DT&I and P&LE. Any opportunities for plant rationalization would be carried out, such as paired track arrangements between MARC-EL and ConRail between Mansfield, Ohio, and Chicago.

Realistically, this alternative is a second choice in terms of both effective competition and rail efficiency within the Region. It is, however, superior to a break up of the Penn Central System into a ConRail North and South simply because it can be implemented in a relatively short period of time, and the EL and its connecting lines has had a history of vigorous competition on the eastern seaboard. It also is more effective than the creation of an eastern terminal feeder system, such as MARC alone. To be effective competition, such a system would depend on the willingness of the major solvents to participate. The deficiency of MARC-EL is that it used federal dollars to sustain a competitive rail system for the eastern seaboard. No financial projections have been made for the MARC-EL system, but it is anticipated that ConRail (essentially PC under this concept) and MARC-EL (with added midwestern routes) would be less economically self-sustaining than ConRail alone in the Three-Carrier System.

A more definitive answer must await detailed financial projections being developed by USRA. The fundamental policy issue is whether, after failing to achieve competition through expansion of either both or one of the existing major solvent carriers, the federal government should spend money to insure that rail/rail competition is maintained along the eastern seaboard.

The preceding discussion leads USRA to conclude that the Three-Carrier System must be pursued vigorously. If only one solvent carrier is interested, restructuring should be pursued under that alternative. Other possible solutions simply are not as promising. For that reason, USRA plans extensive efforts in the next several months to determine the exact dimensions of a solution involving both or at least one of the major solvents in the Region.

Defining the ConRail System

Simply stated, the condition of the bankrupt railroads, and especially that of the Penn Central, represents a transportation disaster unparalleled in the nation's history. Most of the bankrupt properties, including key yards, major main lines and essential shops, are in a serious state of disrepair. Areas appearing in relatively good physical shape are that way largely due to cosmetic efforts—the track has been ballasted and smoothed, but the rail and ties are both well beyond their normal lives. The solution is going to be costly; just keeping the bankrupt carriers operating until ConRail begins operation could cost taxpayers more than \$400 million.

The conflicting goals of the Act, therefore, must be balanced as much against this harsh reality as against each other. Much discussion has centered on the fact that viability of the system may conflict with the provision of adequate and efficient service. This issue, not unimportant in the design of ConRail, must be considered in the context of the importance of the fundamental need to overcome 20 years of physical neglect. The necessity for rebuilding the system thus becomes the most critical constraint on the adequacy and efficiency of the service to be provided and *it is the magnitude (both physically and financially) of that rehabilitation requirement that must necessarily determine the ConRail configuration.*

That the physical condition of the plant is badly deteriorated is not debatable. What can and should be debated are the alternate strategies for rehabilitation. Specific questions include the following.

- What should be the *timing* of rehabilitation and what are the implications of such strategy?
- In what sequence should the system be rehabilitated, e.g., should main yards and main lines be brought up to high operating standards while the rest of the system is held at minimum maintenance levels, or should main lines be held to a minimum standard (30 m.p.h.) while repairing the very worst of the secondary and branch lines?
- What level of public funding, in the form of loans or grants, can be committed to the rehabilitation program?
- What are the implications of the above three decisions on the route structure and services to be provided by ConRail?

The Association's conclusion on each of these issues follows. They are a significant factor in the future business strategy and government control aspects of ConRail.

- The timing for the program should be about 14 years, providing maximum flexibility in use of funds.
- Funds should be spent in the initial years, recognizing material constraints, on the major core system and yards and terminals. This will improve service, increase dollar returns and sustain flexibility.
- As the financial projections in Chapter 14 demonstrate, the costs of rehabilitation, when combined with operating losses in early years, exceed the funds allocated by the Act. Rather than reducing the system size *now* to meet an arbitrarily set figure, however, operations should continue over the system size set forth. It would be unwise not to rebuild this transportation system *properly*, but both timing and location of expenditures will be reviewable in future years, clearly a way to reduce potential government financing.

USRA recommends setting priorities after an analysis that measures benefits from rehabilitating a line segment (reduced transit time) against the cost of accomplishing that rehabilitation. This results in a ranking of line segments where rehabilitation will provide the maximum benefits in terms of reduced transit time for each rehabilitation dollar spent. This process, described in greater detail in Chapter 6, tends to concentrate the rehabilitation program on the heavy density lines—especially those in the western end of the Region where the plant is most deteriorated. Under this strategy, the main lines will be brought up to adequate freight service standards (50–60 m.p.h.) over a three-to-seven-year period.

This means that many secondary and branch lines must necessarily be held in a "patch" maintenance condition during this period. If the use of available resources is not concentrated on main lines, the through routes will continue to deteriorate. Train speeds already unacceptable will decrease and ConRail will not have the capability to offer piggyback or any other time-sensitive service. Additionally, as track conditions continue to deteriorate, so also would the speeds of passenger trains, resulting in further substantial lengthening of many already slow Amtrak schedules.

Another critical element in the rebuilding program is the amount and availability of federal funding, either in the form of loans or grants. The \$500 million to \$1 billion for rehabilitation and modernization provided in the Act will be adequate to rebuild not more than approximately 5,000 miles of railroad and attendant yards and shops. Obtaining private financing sources for the remaining mileage is considered impossible; thus, the result of staying within the financial limitations of the Act would be abandonment of all but the heaviest routes.

Specifically, staying within the Act's funding limits

means that services would be terminated between Montreal and Syracuse; all of Southern New England including Providence, Hartford and New Haven; virtually the entire Central Pennsylvania coal region except those into the very highest production zones; all of Michigan north of the main line between Detroit and Chicago; and virtually all of the gathering network in Ohio, Indiana and Illinois. Clearly this does not meet the Act's requirements for adequate rail service in the Region.

At the other end of the funding spectrum is the complete rebuilding of the entire plant as it now exists, at a cost of \$3.8 billion. This estimate is in constant dollars; inflation over the period required for implementation would more than double that amount. USRA believes this level of public funding is poor public policy, inasmuch as the benefit from expenditures of this magnitude on these light density lines is questionable. Specifically, some \$1 billion in rehabilitation funds would be required over time to bring light-density lines, recommended for exclusion from the ConRail system, up to normal maintenance standards for such lines. These lines produce revenue of only \$72 million, making rehabilitation a questionable public investment.

USRA recommends a funding level for rehabilitation purposes of about \$2 billion (in constant dollars). Failure to commit this amount would result in incomplete rehabilitation jobs on the principal main and secondary routes; and would not halt the continued deterioration of plant, recycling the principal cause of the present failure of the system.

If recommended expenditures could not be justified, the best policy decision would be to cut the system size accordingly. Expenditures beyond about \$2 billion cannot be programed adequately now; funds may or may not be required, depending on how ConRail develops over the next decade. In essence, funding above that amount is for rehabilitation projects to be accomplished beyond the planning term.

These projects may or may not be required, depending both on the trends in the national and regional economy and in railroads as a transportation mode. As noted earlier, the recommended strategy is to concentrate available money in terms of material and manpower on those projects where the need is greatest and where both service and financial returns are highest, while holding the remainder of the system at a safe operating level.

In the decade and beyond required for rehabilitation there inevitably will be significant changes in the rail marketplace. USRA has attempted to predict the changes which will occur; its assessment of the rail potential is reflected in its traffic growth projections. As with any forecast, these projections are subject to variables; for example, a change in federal energy policy might divert more traffic to the railroads but it

might also lower industrial production, resulting in less total traffic for the rail mode. The ultimate industry structure evolving in the next decade probably will depend on overall trends in the national economy, specific trends in the regional economy, the direction of such specific matters as federal energy policy and, perhaps most significantly, the direction of national transportation policy.

The convergence of two critical factors—the dynamics of the marketplace for rail transportation and the relatively long time required to rebuild the railroad—leads USRA to this conclusion:

The route and operating configuration of the ConRail system represents an interim step between that which exists today and that which necessarily must evolve in the next decade. The initial ConRail operating and route structure represents estimates of how best to reverse the fortunes of the bankrupt carriers so they can once again perform adequate and efficient rail transportation. The plan, however, is not carved in stone and it will be subject to many modifications in the next decade.

The nature of the rebuilding process allows for considerable flexibility in the future. The system cannot be rebuilt overnight, and it is therefore not necessary to have absolute precision in all elements of the route and operating structure. The plan as outlined in the following section represents a starting point in what, by necessity, must be an evolutionary process.

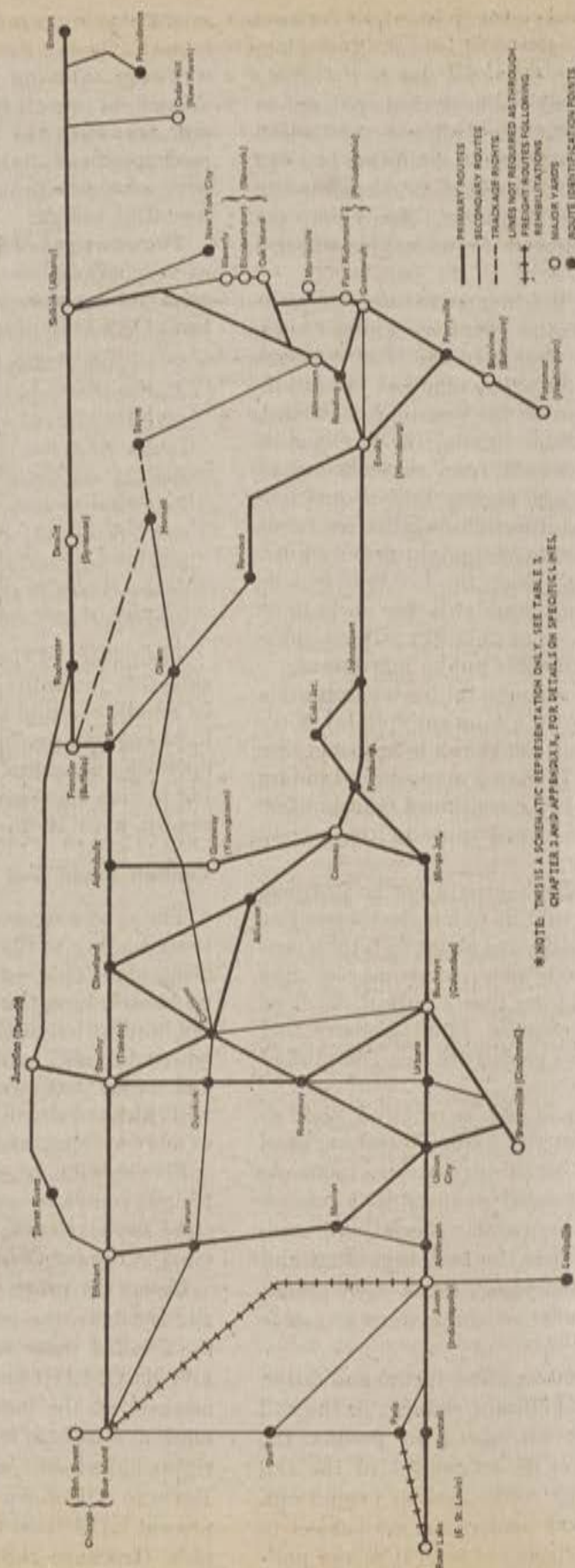
ConRail Route and Terminal Plan

The preceding section discussed the major considerations leading to the development of the ConRail operating plan. This section discusses in detail the main line route structure, the major yard facilities planned and the implication of the described rehabilitation strategy on routes and terminals. The major freight routes and major yards are displayed in Figure 2; all routes with planned densities of 5 million gross tons per year or more are shown in Table 3.

Five specific areas are examined: principal through freight routes, secondary through freight routes, principal feeder routes, secondary feeder routes, and principal yards for ConRail.

Under the preferred regional structure (Three-Carrier System), the present PC will form the nucleus of the ConRail route configuration, supplemented by CNJ, LV, RDG, LHR and AA. Certain important lines and markets on the latter carriers will be transferred or made available to other carriers for use under trackage rights agreements, e.g., the LV mainline from Wilkes-Barre to Allentown (trackage rights to D&H) and the present RDG from Lurgan to Allentown and Philadelphia (trackage rights to Chessie). In addition, there may be changes in the precise markets served as a result

FIGURE 2
THE CONRAIL SYSTEM PLAN: *
PRINCIPAL FREIGHT ROUTES AND MAJOR CLASSIFICATION YARDS



of negotiations with the solvent carriers. Under the alternative Two-Carrier-System the ConRail routes would be essentially the same; MARC-EL, however, would result in significant route changes.

Notwithstanding these possible changes, and the verities of the rehabilitation program previously discussed, the primary through freight routes for ConRail can be defined at this time with virtual certainty. These are the routes which connect primary load centers and major terminals on the system and which are properly classified as the main line system for ConRail. The bulk of the system's ton miles will be produced on these routes and, consistent with the prior discussion on rehabilitation, they will receive most of the near-term (first 5 years) rebuilding efforts.

Regardless of how ConRail evolves over time, these routes probably will have heavy traffic density. The high

TABLE 3.—Projected traffic density on ConRail routes after rehabilitation

From—	To—	Via—
More than 40,000,000 gross tons per year:		
Chicago, Ill.	Cleveland, Ohio	Toledo, Ohio
Cleveland, Ohio	Albany, N.Y.	Buffalo, N.Y.
Harrisburg, Pa.	Phillipsburg, N.J.	Allentown, Pa. ¹
Johnstown, Pa.	Harrisburg, Pa.	Altoona, Pa. ²
Pittsburgh, Pa.	Cleveland, Ohio	Alliance, Ohio. ²
Pittsburgh, Pa.	Johnstown, Pa.	Kiski Junction, Pa. ¹
Pittsburgh, Pa.	Johnstown, Pa.	Greensburg, Pa. ²
Reading, Pa.	Philadelphia, Pa.	Pottstown, Pa. ¹
Toledo, Ohio	Detroit, Mich.	Monroe, Mich.
30,000,000 to 40,000,000 gross tons per year:		
Albany, N.Y.	Springfield, Mass.	Pittsfield, Mass.
Bayama, Ohio	Alliance, Ohio	Mansfield, Ohio. ²
Cincinnati, Ohio	Columbus, Ohio	Dayton, Ohio and Xenia, Ohio
Charfield, Pa.	Harrisburg, Pa.	Newberry, Pa.
Columbus, Ohio	Toledo, Ohio	Findlay, Ohio
Conway, Pa.	Alliance, Ohio	Bayard, Ohio
Conway, Pa.	Columbus, Ohio	Mingo Junction, Ohio
East St. Louis, Ill.	Indianapolis, Ind.	Effingham, Ill.
Harrisburg, Pa.	Perryville, Md.	Safe Harbor, Md.
Harrisburg, Pa.	Philadelphia, Pa.	Columbia and Coatesville, Pa.
Indianapolis, Ind.	Cleveland, Ohio	Union City, Ohio
Indianapolis, Ind.	Columbus, Ohio	Union City, Ohio
Jackson, Mich.	Detroit, Mich.	Ann Arbor, Mich.
Mingo Junction, Ohio	Pittsburgh, Pa.	Carnegie, Pa.
Philadelphia, Pa.	Newark, N.J.	W. Trenton, N.J. and Boundbrook, N.J. (via LV).
Phillipsburg, N.J.	Newark, N.J.	Flemington Junction (via LV). ²
Pittsburgh, Pa.	Ashtabula, Ohio	Youngstown, and Dorset, Ohio
Pittsburgh, Pa.	Youngstown, Ohio	New Castle, Pa.
10,000,000 to 20,000,000 gross tons per year:		
Albany, N.Y.	New York, N.Y.	Poughkeepsie, N.Y.
Bayama, Ohio	Chicago, Ill.	Fort Wayne, Ind.
Bayama, Ohio	Toledo, Ohio	Tiffin, Ohio
Columbus, Ohio	Crestline, Ohio	Ashley, Ohio
Dayton, Ohio	Bellefontaine, Ohio	Springfield, Ohio
Elkhart, Ind.	Jackson, Mich.	Union City, Mich.
Elkhart, Ind.	Kalamazoo, Mich.	Three Rivers, Mich.
Indianapolis, Ind.	Elkhart, Ind.	Marion, Ind.
Marion, Ind.	Cincinnati, Ohio	Union City, Ohio
Newberry, Pa.	Lyons, N.Y.	Corning, N.Y.
Phillipsburg, N.J.	Albany, N.Y.	Warwick, N.J.
Reading, Pa.	Chicago, Ill.	Schneider, Ind.
Springfield, Mass.	Boston, Mass.	Worcester, Mass. ²
Water-Barre, Pa.	Allentown, Pa.	Lehigh, Pa. ¹

TABLE 3.—Projected traffic density on ConRail routes after rehabilitation—Continued

From—	To—	Via—
5,000,000 to 10,000,000 gross tons per year:		
Ashby, Ind.	Indianapolis, Ind.	Rincon Junction, Ind.
Columbus, Ohio	Charleston, W. Va.	Point Pleasant, W. Va. ²
Detroit, Mich.	Buffalo, N.Y.	St. Thomas, Ontario
Effner, Ind.	Marion, Ind.	Logansport, Ind.
Elkhart, Ind.	Kankakee, Ill.	Schneider, Ind.
Framingham, Mass.	Providence, R.I.	Walpole, Mass.
Harrisburg, Pa.	Hagerstown, Md.	Chambersburg, Pa. ¹
Indianapolis, Ind.	Sheff, Ind.	Lafayette, Ind.
Jackson, Mich.	Saginaw, Mich.	Lansing, Mich. ²
Kalamazoo, Mich.	Jackson, Mich.	Battle Creek, Mich.
Louisville, Ky.	Indianapolis, Ind.	Columbus, Ind.
Marion, Ohio	Hornell, N.Y.	Jamestown, N.Y. ²
Morrisville, N.J.	Newark, N.J.	New Brunswick, N.J.
Marshall, Ill.	Sheff, Ind.	Danville, Ill. ²
Newark, N.J.	Kingston, N.Y.	Haverstraw, N.Y.
Niagara Falls, N.Y.	Rochester, N.Y.	Middleport, N.Y.
Renovo, Pa.	Buffalo, N.Y.	Olean, N.Y.
Salisbury, Md.	Wilmington, Del.	Dover, Del.
Springfield, Mass.	New Haven, Conn.	Hartford, Conn.
Syracuse, N.Y.	Montreal, Quebec	Watertown, N.Y.

¹ Recommended joint operation with solvent on all or part of line; see discussion on recommended regional structure.

² Possible joint operation with solvent over all or part of route, see discussion of recommended regional structure.

³ Coordination projects may shift all through traffic from all or part of this line; densities do not reflect this possible shift (see app. D-1).

degree of certainty about the future of these routes justifies early commitment of rehabilitation material, manpower and money. Once they are overhauled, the level of investment in tracks, structures and signalling probably will keep them as the main arteries of the system.

The rehabilitation commitment to these principal through freight routes makes the decision as to what routes should be used vitally important. The following approach was used in designating the routes.

- All traffic of the candidate carriers was analyzed.
- Forecasts of future traffic flows were made.
- Terminal capabilities were assessed.
- Based on the above three factors, train formation planning was undertaken as part of the blocking project. (See Chapter 5.)
- Existing and projected train movements from this exercise were simulated over the potential ConRail network. Total train movements over link segments were compared to line capacities. Route adjustments were made where capacity constraints were encountered.
- Line capacity with and without slow orders was defined through use of a computerized train dispatch simulation model.
- Line capacities were adjusted to reflect the effects of rehabilitation projects and where problems were encountered, alternative routings were established for use during the rehabilitation program.

Rehabilitating these lines deserves special attention. Given the projected availability of rail, ties and maintenance of way (M of W) forces, rehabilitation of each

main-line segment was programmed in priority order to provide the maximum benefits in the shortest amount of time. (See Table 4.) With this method, more than 40 percent of the operational benefits from main-line improvement are anticipated in the first three years of the 14-year rehabilitation program; more than 60 percent can be realized in the first five years (see Table 4).

During the latter stages of the rehabilitation program, most of the line segments being rehabilitated will not yield significant operating benefits in terms of reduced transit time. Through rehabilitation, however, normal maintenance and the potential for future slow orders are reduced significantly on these line segments.

In programming the rehabilitation projects year by year, it was necessary to consider the time that could be made available to the M of W forces on each of the line segments being rehabilitated. To measure the impact of M of W interference on line capacity, a train dispatching simulation model was used. With the following exceptions, it appears that M of W forces will be able to carry out the presently anticipated rehabilitation program on principal through line segments without exceeding practical line capacity. Principal line segments which have sufficient density and capacity limitations to require alternate routings and detour routes during rehabilitation include:

<i>Main-line segment</i>	<i>Alternate routing</i>
E. St. Louis, Ill.-Terre Haute, Ind. (via Effingham)	E. St. Louis, Ill.-Terre Haute, Ind. (via Mattoon)
Chicago-Cleveland-Alliance, Ohio	Chicago-Ft. Wayne-Alliance, Ohio
Harrisburg, Pa.-Phillipsburg, N.J.-Pt. Reading Jct., N.J.	Harrisburg, Pa.-West Trenton, N.J.-Pt. Reading Jct., N.J.
Columbus, Ohio-Toledo, Ohio (via Findlay)	Columbus, Ohio-Toledo, Ohio (via Bucyrus)
Harrisburg, Pa.-Perryville, Md.	Harrisburg, Pa.-Philadelphia, Pa.-Perryville, Md.
Indianapolis, Ind.-Chicago, Ill. (via Sheff)	Indianapolis, Ind.-Logansport, Ind.-Chicago, Ill.

ConRail Secondary Through Freight Routes

Secondary through freight routes are required for: an integrated system, future traffic growth and through services pending completion of the rehabilitation program on the principal through routes.

Whereas the designation of principal through routes has a measure of certainty over the long term, the same is not true for secondary through lines. Some may have increasing or decreasing traffic; some may be reduced to local services status or abandoned altogether. For example, the Canada Southern between Detroit and Buffalo via St. Thomas, Ontario, is now a double track railroad with modest traffic density. In the future it will provide a direct route for certain flows between Buffalo and Detroit and a valuable "safety valve" should traffic densities overload the main trunk line from Chicago to Buffalo through Cleveland.

This situation does not justify continuation of double

TABLE 4.—Mainline rehabilitation priorities, top 20 segments ranked in terms of train hours saved/million dollars of track-related rehabilitation costs¹

From—	To—
Alliance, Ohio.....	Cleveland, Ohio.....
St. Louis, Mo.....	Indianapolis, Ind. (via Marshall)
Jamestown, Pa.....	Ashtabula, Ohio.....
Cincinnati, Ohio.....	Springfield, Ohio.....
Syracuse, N.Y.....	Buffalo, N.Y.....
Columbus, Ohio.....	Crestline, Ohio.....
Indianapolis, Ind.....	Anderson, Ind.....
Fairlane, Ohio.....	Cleveland, Ohio.....
Indianapolis, Ind.....	Sheff, Ind.....
Kentland, Ind.....	Schneider, Ind.....
Columbus, Ohio.....	Trinway, Ohio.....
Marion, Ind.....	Warsaw, Ind.....
Union City, Ohio.....	Cleveland, Ohio.....
Erie, Pa.....	Buffalo, N.Y.....
Springfield, Mass.....	Worcester, Mass.....
Syracuse, N.Y.....	Utica, N.Y.....
Columbus, Ohio.....	Union City, Ohio.....
Columbus, Ohio.....	Ridgeway, Ohio.....
Elkhart, Ind.....	Toledo, Ohio.....
Shire Oaks, Pa.....	Pittsford, Pa.....

¹ Order of priority adjusted in some cases to recognize rail availability.

track, however, and the line is programmed for single track centralized traffic control (CTC) status. This will free track material for use on principal through routes. Unlike principal through routes, traffic density on these secondary through routes is (or will be) such that possibilities exist for coordination projects with other carriers. Most of these secondary through routes will not receive immediate or major rehabilitation; for example, those necessary to handle overflow traffic will not be rehabilitated until traffic growth occurs.

Principal Feeder Routes

In essence, primary feeder routes are major branch lines to gather local traffic and move it into the key yards for transportation on the through route system. In this category are such lines as Springfield, Mass. to Hartford and New Haven, Conn.; Jackson to Lansing, Saginaw and Bay City, Michigan; Columbus, Ohio to Charleston, West Virginia, and Marshall to Cairo, Illinois. These lines generate substantial traffic and all of the major traffic generating points on these lines appear to justify continued rail service.

In some cases, however, the critical need for rehabilitation material on other routes may make it necessary to utilize other carriers' track to reach these markets or in some instances to "trade" these markets to solvent railroads. Because the traffic generated is substantial on these lines and because many are badly debilitated, they will require early upgrading if there is to be any improvement in service quality. Inasmuch as this will take materials from the critical main line programs, efforts to determine where traffic might be rerouted around the most deteriorated lines are being explored. The candidate lines for possible rerouting because of rehabilitation problems include:

- Columbus, Ohio to Nitro, West Virginia,
- Lansing to Saginaw, Bay City and Midland, Michigan,
- Cairo to Marshall, Illinois.

The options on most other primary feeder lines are more limited. For example, there is no alternative route on such heavy feeders as Springfield, Massachusetts, to New Haven, Connecticut; Montreal, P. Q., to Syracuse, New York (this line is primarily a gathering route although through service does exist to Montreal); the Central Pennsylvania coal lines (e.g., Keating to Cherrytree, Pennsylvania); Wilmington, Delaware, to Salisbury, Maryland, and Mingo Junction to Omal, Ohio.

There are no coordination possibilities for these lines and they will be retained only on the basis of local study analysis. Programs will be developed to keep them in safe operating condition, but major rehabilitation for the most part will come after the primary through routes have been upgraded. Many primary feeder routes therefore will receive no more than a "holding action" maintenance program for the next three to six years.

Secondary Feeder System

This is the final classification of lines, consisting basically of short local service lines used to gather traffic for the primary feeder system or the main line itself. As discussed in greater detail in Chapter 7, virtually all these lines have been intensely studied. The continued operation of many of these lines is dependent on the rail continuation subsidy program. Those lines found to provide financially self-sustaining feeder service have been included in ConRail but, because of material and manpower constraints, they can be maintained only to the minimum level for safe operations in the foreseeable future. (The analytical process reflects the cost of minimum maintenance and does not charge these lines with major upgrading expense.)

ConRail Yard Requirements

Yard requirements were developed on the basis of blocking simulations and yard studies as reflected in Chapter 5.

The preliminary operating plan for ConRail used principal classification yards as shown in Table 5. Generally, yards on the perimeter of the ConRail system were used more extensively than yards in the interior. Given existing and projected traffic flows, it is not now anticipated that many of the existing major yards operated by the bankrupt railroads will be closed. On the other hand, under the single system ConRail option, no new major classification yards are expected to be required. There is a need to expand or significantly rehabilitate yards at the following locations to handle the projected ConRail requirements:

<i>Yard</i>	<i>Location</i>
Allentown	Allentown, Pennsylvania
Avon	Indianapolis, Indiana
Blue Island	Chicago, Illinois
Buckeye	Columbus, Ohio
Elkhart	Elkhart, Indiana
Greenwich	Philadelphia, Pennsylvania
Oak Island	Newark, New Jersey
Stanley	Toledo, Ohio

TABLE 5.—ConRail system yards

Yard name	Location	Existing classification capacity (Cars per day)	Presently operated by
Allentown	Allentown, Pa.	2,100	LV/RDG
Avon	Indianapolis, Ind.	2,700	PC
Bayview	Baltimore, Md.	1,400	PC
Blue Island	Chicago, Ill.	2,700	IHB
Buckeye	Columbus, Ohio	2,700	PC
Cedar Hill	New Haven, Conn.	1,200	PC
Conway	Conway, Pa.	6,000	PC
DeWitt	Syracuse, N.Y.	1,600	PC
Elizabethport	Elizabeth, N.J.	900	CNJ
Elkhart	Elkhart, Ind.	3,000	PC
Enola	Harrisburg, Pa.	5,000	PC
59th Street	Chicago, Ill.	1,200	PC
Frontier	Buffalo, N.Y.	2,600	PC
Gateway	Youngstown, Ohio	1,800	PLE
Greenwich	Philadelphia, Pa.	600	PC
Junction	Detroit, Mich.	1,800	PC
Morrisville	Trenton, N.J.	1,800	PC
Oak Island	Jersey City, N.J.	1,500	LV
Port Richmond	Philadelphia, Pa.	1,000	RDG
Potomac Yard	Alexandria, Va.	3,200	(¹)
Rose Lake	St. Louis, Ill.	600	PC
Selkirk	Albany, N.Y.	3,000	PC
Sharonville	Cincinnati, Ohio	1,800	PC
Stanley	Toledo, Ohio	1,800	PC
Waverly	Newark, N.J.	900	PC

¹Jointly operated by the Penn Central, Chessie, Southern and the Richmond, Fredericksburg & Potomac RR.

The route and terminal plan discussed above for the ConRail system must be viewed as an interim step between what exists now and the ultimate system configuration which may exist in ten years. By the time major rehabilitation has reached the primary and secondary feeder lines, there could be significant changes in the traffic flows; many may be upgraded far more extensively while others may be downgraded or abandoned. A fundamental difficulty of the bankrupt rail systems has been their inability to respond to changes in transportation demand. For that reason, a major USRA objective has been to create a more dynamic system and doing this necessarily precludes absolute certainty about what will happen on many of the line segments.

Special Issues

Three questions arise from the need to minimize long-term financial commitments to ConRail's rehabilitation and the need for flexibility in ConRail's management to avoid new sunk costs without continued review:

- Would an immediate reduction in the planned size of ConRail not only reduce government capital requirements but be inherently more profitable and less of a risk?

- Could the facilities and services of the bankrupt railroads be liquidated, transferring service responsibility to solvent railroads in or out of the Region?

- What anticipated changes at the extreme edge of the Association's planning horizon should be taken into consideration in this planning process?

Reduced ConRail System

In developing the ConRail concept attention was given to maintaining present rail service and sustaining rail-rail competition in key markets. As has been indicated, the size of the resultant system and the overall costs of rehabilitation result in a cost far exceeding allocations set forth in the Act.

In the limited time available to prepare the Preliminary System Plan, USRA was unable to complete detailed analyses of the requirements for and results of a system reduced in size. A reduced system was hypothesized and certain tentative conclusions can be stated, however.

- The system studied contemplated a reduction of approximately 4,000 miles compared to the recommended ConRail system, or 11,000 miles vs. 15,000 miles.

- Service would be eliminated over numerous routes and to many points.

- Operating results, excluding maintenance, are *not* changed measurably, and this system size, compared to ConRail, does not appear to offer any more potential for success in the near term.

- Initial estimates of the reduction in rehabilitation expense total \$380 million, virtually all of which results from the drop in track mileage.

- The overall capital requirements, including equipment acquisition, within the ten-year planning cycle are estimated to be \$2.6 billion (versus \$3.4 billion for the recommended structure).

These tentative conclusions suggest that immediately shrinking ConRail may not provide it with financial self-sufficiency. The abrupt curtailment of the level outlined would reduce rail services in the Region below the level contemplated in the Act. Furthermore, these changes could increase the amount required for the manpower protection provisions of Title V of the Act.

Finally, achieving a significantly reduced system depends heavily on the actions of the solvent carriers. If they participate, major traffic flows such as those on EL in the Midwest can be consolidated with their existing traffic. If MARC-EL is formed, additional mainline and yard capacity must be kept and rehabilitated if it is to be an effective competitor. Further potentials exist from coordination with solvents.

These initial findings indicate that the smaller system does not represent an adequate alternative to the proposed Three-Carrier-System. Because rehabilitation savings from shrinkage would involve funds to be spent after 1980, shrinkage through programmed coordination efforts appears preferable to an abrupt reduction in system size.

Controlled Liquidation

Among the possibilities considered by USRA was that there would be no ConRail. The assets of the present bankrupts would be distributed to solvent carriers either within or outside the Region. Initially, this alternative did not receive detailed consideration, because the solvent carriers indicated no interest in acquiring substantial portions of the bankrupt lines, especially those of the Penn Central. Subsequently, however, it was decided to study this alternative in some detail due to the tremendous amount of financial aid believed necessary to develop a restructured system.

As an initial step a consultant was asked to report on the possibilities of liquidation and to recommend how such a process might be accomplished. Concurrently, Penn Central trustees contacted all major carriers regarding their interest in the possibility of transferring significant portions of Penn Central properties. The consultant's report defined a number of possible benefits from a controlled liquidation process as well as major liabilities.

USRA determined that controlled liquidation could represent an attractive long-term solution, but that the immediate difficulties involved made it an impractical short-term strategy.

First, major acquisitions by extra regional carriers would involve a massive restructuring of the Region's (and the nation's) rail transportation system, would be extremely time consuming and would have a negative impact upon solvent carriers in the Region.

Second, a USRA request that solvent carriers identify the lines they might want to purchase revealed that no carrier wants to acquire Penn Central lines east of Pittsburgh and Buffalo. Thus, under a simple liquidation process, major eastern market centers such as New York, Philadelphia and Allentown/Bethlehem would be deprived of competitive rail service. To preserve service, a concept such as ConRail East would have to be implemented.

Future Railroad System

Even though reducing ConRail system size immediately does not appear to be an adequate alternative, it does underscore future issues and the need to evaluate this type of investment.

If unconstrained by regulations or past rules and practices, the railroads could, over time, focus their energies and investments on those elements of transportation in which the railroads are or could be the most economically efficient mode. Simultaneously, the

railroads would avoid and disinvest from those activities in which other modes have or could have an inherent economic advantage.

A possible concept is a high-density core network linking all major rail traffic generating centers and market areas in the Region. Service would be provided by a combination of unit trains and intermodal trains, supplemented with a highway gathering service and a network of rail-highway transfer terminals.

Shippers accumulating train-load quantities of merchandise and bulk commodity freight would be served by dedicated shipper trains operating between fixed origins and destinations. Shippers not located directly on rail lines and shipping goods in smaller volumes or to customers not conveniently served by rail would use trucks to collect and distribute freight through regional transfer terminals. The ubiquity of the highway net-

work and flexibility of the truck will facilitate the handling of these smaller traffic flows, aggregating them into trainloads for the longer inter-city haul.

The net result would be to provide the public with efficient, low-cost services in those markets where rail has an inherent advantage. It also would enable both the rail and highway modes to forego excessive and probably duplicative reinvestment.

With greater freedom to select markets to be served, a cost-based pricing system and an efficient, coordinated highway service, this concept could evolve as a healthy, dynamic element of the Region's economy.

Prior to any related commitment, however, this concept's feasibility must be further studied and estimates of the transitional impacts must be considered. In addition, of course, overall public policy implications must be defined further.

SEPARATE CORPORATE OWNERSHIP OF RIGHT-OF-WAY AND STRUCTURES USED BY CONRAIL

Because of the magnitude of projected government-guaranteed borrowing, it is appropriate to consider various means of providing both the funds and the security for government obligations.

One method is a separate ownership and financing of the right-of-way and structures, as well as of their rehabilitation.

Consolidated Facilities Corporation

A possible method for separation of right-of-way and operations would be through the creation of a separate corporation, referred to as the Consolidated Facilities Corporation (ConFac), which would acquire the right-of-way and structures after those assets have been conveyed to ConRail. ConFac would use government provided or guaranteed funds to rehabilitate its right-of-way and structures and then make them available to ConRail for operation as a transportation system.

This form of financing would identify the federal government with the activity absorbing most of the federally guaranteed funds and potentially reduce government managerial involvement in the operation of the railroad.

ConFac can be structured in one of three ways: as a private corporation using appropriately safeguarded government guarantees to fund rehabilitation of track; a wholly-owned government corporation; or a mixed-ownership corporation owned jointly by the using railroad and the federal government. For each option it may be assumed that appropriate charges would be paid reflecting either (a) interest only, (b) retirement of principal or (c) a formula reflecting total financing and variable user charges.

ConRail's management of transportation operations need not be changed if ConFac financing is used, and

ConRail still could be responsible for track maintenance and the physical aspects of the rehabilitation program. In this respect, ConFac would perform the role of a financing source rather than a property owner.

ConFac As A Private Corporation

ConFac would issue stock to be distributed ultimately to the bankrupt estates along with ConRail stock. Its initial assets would be the right-of-way and structures conveyed to ConRail by the bankrupt estates. All other assets of the railroad would be owned by ConRail. ConRail would bear the cost of rehabilitating the right-of-way and structures and then be reimbursed by ConFac with the proceeds of government-guaranteed borrowings.

Government-owned ConFac

It is possible to establish a corporation owned by the federal government and charged with rehabilitation of the facilities. Precedents in the transportation area include the Saint Lawrence Seaway Development Corp. and the Panama Canal Co. In both cases, users pay charges partially to defray the government costs involved.

A public corporation also lends itself to additional infusions of federal funds to advance national transportation policy or to assure that facilities meet the requirements of the operating railroads.

A number of problems are associated with a government corporation, however. Appropriate means would have to be found for ConFac to compensate ConRail for the assets transferred to ConFac ownership without causing a large increase in government funding required.

Some would argue that a ConFac would serve to encourage efforts by other railroads to transfer their right-of-way to the federal government and thus might lead to nationalization. ConFac might, as a result, delay public recognition of the need to develop a coherent transportation policy which allows all modes of transportation to compete freely and provide the nation with an efficient transportation system.

Mixed-ownership ConFac

An alternative to the private or government corporation would be ownership equally divided between ConRail and the federal government. Such a mixed-owner-

ship ConFac would have attributes of both private and government corporations.

Should the creation of ConRail and ConFac under this option lead to sufficiently profitable rail operations, provision could be made for the private purchase of the government stock in order to return the right-of-way to private ownership.

Questions of Public Policy, Law, Taxation and Accounting

A number of public policy, legal, tax and accounting questions remain to be resolved before the Association can present any type of recommendation regarding the ConFac concept.

4

Coordination with Solvent Railroads

Over-expansion, technical innovation and external market factors have led to excess capacity in the fixed facilities of the Region's railroads. The consequent under-utilization of assets has been a continuing drain on the industry's financial resources, a situation well recognized by Congress in the Act. If two or more railroads can coordinate their operations over one facility, substantial cost savings might result. The concept of coordination has been endorsed by the Department of Transportation and the Rail Services Planning Office.

This chapter outlines the benefits resulting from reduction or elimination of excess capacity. Three approaches are outlined—joint facilities, pooling and market exchanges or sales—and the advantages and disadvantages of each are explored. The chapter discusses USRA coordination activities and Appendix D lists coordination projects under consideration.

The Association concludes that the coordination process provides significant potential benefits for both the public and the railroads and should be continued in the future.

Section 202(b) (5) of the Act directs the Association to "consider methods of achieving economies in the cost of rail system operations in the Region including consolidation, pooling, and joint use or operation of lines, facilities, and operating equipment. . . ." Since implementation of such methods would involve the transfer of rights or property, the provisions of Section 206(d) (3) direct USRA to determine whether specific acquisitions by profitable railroads will materially impair the profitability of any railroad in the Region including ConRail. These determinations are the first step in providing for possible consummation of such acquisitions in the Final System Plan.

Both the Department of Transportation and the Rail Services Planning Office of the Interstate Commerce Commission have recognized and endorsed the Congressional directive regarding coordination. The Department of Transportation, in its report on "Rail Service in the Midwest and Northeast Region," recommended that duplicative lines and facilities be downgraded or eliminated. The Rail Service Planning Office suggested in its evaluation of the DOT report that the Association "accept and implement" the DOT recommendation.

As used in this chapter, coordination is the process of integrating the facilities or services of two or more railroads, with no major change in the markets served by each.¹ Coordination offers the opportunity to achieve the economies involved in consolidation and rationalization of facilities without merger of corporate structures. Two railroads, for example, may coordinate their operations in one market and at the same time continue to compete vigorously in that and other markets.

Coordinations generally become possible through the existence and creation of excess track capacity that stems from technological innovation and changing traffic patterns. Since 1929, the size of the average freight train moved in the Eastern District has increased 93 percent while during the same period freight train miles have declined 52 percent. This, coupled with the sharp reduction in passenger train volume, has resulted in a large amount of surplus track capacity in the Eastern District. In addition to these causes of overcapacity, other factors such as the changing pattern of manufacturing activity and consumer demand have had a major impact on track capacity.

There are two general causes of excess capacity in the rail industry—duplication of facilities which are not fully utilized and duplication of services which are economically marginal or not justified. Duplication of facilities is the maintenance by two or more railroads of similar fixed facilities in a specified area, with

neither being utilized to capacity. Maintaining a railroad line not specifically needed to generate or handle traffic is a misallocation of scarce resources which could be used more productively at other locations. Manpower can also be saved and land made available for more productive uses. Coordinations will also result in a reduction of related administrative expenses.

Duplication of services occurs where two or more railroads serve a specific geographic area which does not generate sufficient rail traffic to justify service by that many railroads. In such cases, service by fewer railroads at a specific point would result in a total savings to the industry in addition to improving the quality of service or arresting its deterioration.

Types of Coordination Agreements

The most common method of reducing duplication of facilities is the use of the joint facility agreement whereby two or more railroads use a single fixed facility such as a main line, service facility or yard. The typical agreement calls for the tenant railroad to share the investment cost of the owning railroad as well as the maintenance expense.

A second method of coordination is pooling, which is useful in dealing with both service and facility duplication. Pooling is an arrangement whereby two railroads use one railroad's train to haul the cars of both. Each railroad retains the revenue from its own cars, but the cost of hauling them is shared.

Pooling, in some instances, can lead to a reduction in competition and the net effect on the quality of service must be taken into consideration. Service quality should not be significantly affected since pooling involves a mixing of traffic, and unsatisfactory service by one railroad not only will affect its competitor's service but its own as well.

Agreements to exchange routes or transfer them to another railroad represent another form of coordination useful in reducing overcapacity by withdrawing unrequired or nonviable lines from multiple-railroad markets. For example, a railroad operating a 30-mile branch line to reach a market located on or near the main line of a competing railroad may wish to withdraw and sell or lease its industrial trackage in the market to its competitor. With the market located on or near a main line, the remaining railroad can offer customers better service at lower cost. Effects on scope and level of competition brought on by such exchanges must be analyzed.

USRA Coordination Efforts

The Association has actively suggested and encouraged coordination under Section 202(b) (5) of the Act. Meetings have been held with all railroads in the Region to explain the goals and functions of the process to them and to request that they prepare lists of possible

¹ The concept of major market extensions is discussed in Chapter 3 since their potential impact on the profitability of the Region's railroads can vary significantly under different industry structures. The specific projects are listed in Appendix D-3 with the USRA determination under Section 206(d) (3).

coordination projects which they would like to pursue. After the lists were received and studied, projects which the railroads deemed unworkable were eliminated and those which appear feasible are being given further consideration. Data exchanges with railroads were arranged where possible, and in many cases Association staff inspected the facilities involved. The economic evaluation of each project was left to the individual railroads so they could decide which coordinations to pursue. The Association acted as a catalyst, encouraging the speedy exploration of possibilities.

As part of the process, the Association studied joint facility agreements in the West, which have generally been more extensive than those in the East. These were with few exceptions found to be successful, largely due to a desire on the part of senior management to make joint operations work. There had to be mutual benefits, of course, with cooperation in the dispatching of trains and specific responsibility for maintenance and other operational activities. The Association will continue to encourage joint operations as a method to reduce duplication of facilities and better utilization of capacity. It is anticipated that the entire coordination process will continue through and beyond development of the Final System Plan. Implementation of some of the larger and more complex projects will take several years. In the meantime, the Association continues to meet with the railroads to look for possible additions to the lists of coordinations and to evaluate them from a regional viewpoint.

Coordination and Minor Market Change Projects

Appendix D-1 details trackage coordination and minor market extension projects. These are under active study for possible inclusion in the Final System Plan.

Appendix D-2 lists the studied light-density lines which, having been analyzed, are not recommended for inclusion in the ConRail System, and which are crossed by or connected to one or more solvent railroads. Although these lines may not be included in ConRail, some may be profitable to an acquiring railroad and for that reason have been offered to such railroads for potential acquisition. Such acquisitions are for the sole purpose of continuation of services on light-density lines and cannot be used as a device to create additional competitive routes. It is uncertain at this time as to the extent of interest the solvents will display in acquiring these lines.

Since trackage coordination projects, minor market changes (both of which are listed in Appendix D-1) and the transfer of light-density lines (cited in Appendix D-2) to be implemented under the Final System Plan involve the transfer of rights or property to a profitable railroad, they are subject to the provisions of Section 206(d)(3) of the Act. In fulfilling these provisions, the Association has found that the projects in

these appendixes will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or of ConRail. This finding is based on the fact that implementation will be by mutual consent of the parties involved, will produce cost savings for them, or in the case of light-density lines, will involve insignificant traffic shifts which will have a minimal effect on connecting carriers.

Therefore, all the projects listed in these appendixes will be eligible for implementation under the Final System Plan, but it is emphasized that financial terms and other conditions essential to ultimate consummation of these projects have not as yet been determined nor accepted by the parties involved. It would thus be premature to conclude that all will be in the Final System Plan. Not only do they require the consent of the parties to be transacted, but there are also conflicts between the various projects that will be resolved prior to the Final System Plan. Under further analysis, some may prove desirable while others may be dropped from the Final System Plan when the ConRail operating plan is further refined. Because of the tentative nature of the projects, anticipated benefits are not included in the pro formas in Chapter 14.

These projects are presented here to elicit public discussion and afford an opportunity to comment at the Rail Services Planning Office hearings. Also they are designed to facilitate the findings to be made by the Interstate Commerce Commission under provisions of Section 206(d)(3) of the Act. Additional projects will be developed between publication of the Preliminary and Final System Plans. Such projects will fall under the provisions of Section 206(g) of the Act to the extent that they are within the scope of that section. Under those provisions, these projects will be ineligible for implementation and inclusion under the Final System Plan but may be recommended in it. Where applicable they will be subject to normal hearing procedures of the Interstate Commerce Commission under Section 5 of the Interstate Commerce Act.

Major Market Extensions

Appendix D-3 lists the major market extensions which have been proposed by the railroads and USRA. This appendix is divided into two sections, the first of which lists those projects as to which the Association is unable to determine pursuant to Section 206(d)(3) that such extensions would not materially impair the profitability of railroads in the Region or of ConRail. The second part of Appendix D-3 lists those major market extensions which the Association, based on currently available information, believes would not materially impair the profitability of other railroads in the Region or of ConRail. In certain instances, in order to qualify for the latter finding, the Association has modified the projects as originally proposed.

Other Coordination and Market Extensions

Appendix D-4 lists proposed coordination projects and market extensions which do not require the Association to make a finding under Section 206(d)(3). These projects involve acquisitions of portions of solvent railroads by the ConRail system to be established under the Act.

Conclusion

The Association concludes that coordination activities should be pursued as much as possible during and

beyond the planning period. Successful implementation of coordination projects can result in significant economic benefits for many of the Region's railroads. Potential positive impacts also include improvement and preservation of service.

The Association will continue actively to identify, study and implement coordination opportunities among the railroads in keeping with its mandate under the Act. The structure of ConRail and other railroads must change in response to market forces. Coordination will be a vital tool in this evolutionary process.

5

Operating the Restructured Rail System

The cost of moving trains and related expenses consumes about half the revenues of the bankrupt railroads in the Region. Improved efficiency in operating trains significantly influences requirements for equipment and facilities and directly affects the future economic self-sufficiency of ConRail.

An indication of the complexity of existing transportation operations is that the bankrupt carriers receive for movement 42,000 cars daily. In preparing its preliminary operating plan, USRA made detailed analyses of the more critical operating factors. These studies identified both potential cost reductions and future equipment and facilities requirements.

Studies completed to date indicate that, as ConRail's volume increases between 1976 and 1985, the potential improvement in transportation expenses for the proposed ConRail System could produce annual cost savings of almost \$80 million compared to 1973 levels. Anticipated savings in the amount bankrupts spend to use or hold the cars of other lines are \$30 million annually, calculated on the same basis.

A more detailed discussion of analytic methods for improving train operations is contained in Appendix E.

The operations planning process described in this chapter is fundamental to the design of the ConRail system. Several operating plans were developed to measure the impact of various alternatives. To permit analysis of a wide variety of operating plans, the Association used operations simulation techniques, employing several computer models developed specifically for this planning project. The models utilize the Association's integrated traffic flow data base which is described in Appendix E.

The magnitude and complexity of the various combinations of operations of the bankrupt railroads precluded using conventional techniques of analysis. Each 1 percent change in the combined transportation ratio (transportation expenses divided by transportation revenues) of these railroads results in a \$25 million change in their combined net income or loss.¹ In 1973, the combined transportation ratio of the bankrupt railroads was 47.0 percent, or 6.6 percentage points higher than the average for all Class I railroads. Reducing the bankrupt carriers' transportation expenses to the Class I average would imply reduction in transportation expenses of \$165 million annually. Over a 10-year period, compounded at 10 percent, such a cost reduction would have a cumulative effect of improving earnings by \$2.6 billion.

Although substantial improvements are possible, they cannot be identified through analysis of comparative industry statistics. The Association therefore studied the operations of the bankrupt railroads in detail to identify and measure specific improvement opportunities.

The operations analysis task was made more difficult by the complexity of the railroads' operations. The combined railroads move more than 42,000 cars per day among more than 8,000 stations and interchange junctions. To reduce the potential 64 million origin-destination station pairs to a manageable number, the stations were grouped into 517 normal "gathering areas" or nodes (267,000 potential pairs). These were then combined into 147 "supernodes" for preliminary planning purposes. A map of this network is included in Appendix E.

The 147 supernode network involved 21,600 active flows and potential blocks. By comparison, a similar study on a major railroad handling about 20 percent of the volume of the combined ConRail carriers involved less than 5 percent of the active flows to be analyzed. The complexity of the system appears to increase approximately as the square of the volume.

Even with the 8,000 stations and interchange junctions compressed into 147 supernodes, carrying out the operating simulations in a single pass approached the capacity of a large computer. Earlier manual efforts to

balance the system operations proved too complex for iterative analysis.

However, even the 147 supernode network was too general for some analyses. Multi-stage analyses were required, so that the analysis was on the one hand sufficiently detailed, and on the other hand, within the capacity of the computer and the capabilities of the analyst. To assure that the operations simulation techniques were realistic, the programs were calibrated to the existing operation and were designed to facilitate subsequent detailed implementation planning.

Critical Leverage Factors

There is considerable leverage in railroad freight operations. Transportation expenses (which do not include maintenance) of the bankrupt railroads exceeded \$1 billion in 1973, consuming nearly half the system revenues. The operating and maintenance departments of the bankrupts employ 92 percent of the total of 105,000 employees. Train and engine service employees account for 36 percent of all employees of the bankrupt railroads. In addition to directly influencing employment and transportation costs, the operating plan also has significant effects on car use and net car hire and ownership costs. In 1973, net car hire alone cost the bankrupt roads \$283 million.

Operating Ratios

It is useful to consider the performance of Penn Central and the other bankrupts relative to industry norms. The critical statistics of these railroads, shown in Table 1 and summarized below, gives some measure of their relative performance and helps to identify key problem areas.

Operating Ratios, 1973

[In percent]		
	Bankrupts	Class I railroads
Transportation ratio.....	47.0	40.4
Maintenance of equipment ratio.....	14.0	11.1
Maintenance of way ratio.....	11.3	11.3
Operating ratio.....	83.3	78.4
"Breakeven" operating ratio.....	73.7	61.1
Equipment net debit ratio.....	11.4	5.9

The bankrupts' operations were more costly per revenue dollar than the average for Class I railroads, with higher transportation costs accounting for the difference. The seeming "efficiency" of the bankrupts in maintenance of way actually reflects a greater deferral of maintenance in the bankrupts than the average. The operating ratio required for the bankrupts to break even in terms of ordinary net income is considerably lower than the operating ratio required by the rest of the industry. This reflects the bankrupts' high level of costs, not included in calculating the operating ratios.

¹ Unless otherwise indicated, all statistical analyses include the Erie Lackawanna Railroad as well as the bankrupt railroads covered by the Act.

especially equipment rents and leases. In order to break even in 1973, the bankrupts required an operating ratio 8 percentage points lower than the industry norm, yet their operating ratio was 4 percentage points higher.

Thus, operating ratio analysis indicates that, in operating their railroads and in utilizing their equipment, the bankrupts are significantly less efficient in relation to revenues than other railroads.

TABLE 1.—Operating ratios (including EL operations), 1973

	Bankrupts weighted average	PC	EL	RDG	CNJ	LV	AA	Average Class I	Average Southern District	Average Western District
Operating ratio ¹	83.3	82.7	83.4	87.2	89.7	87.5	97.9	79.4	74.3	77.8
Transportation Ratio ²	47.0	47.0	47.1	46.6	51.2	44.4	49.2	40.4	35.6	39.2
Maintenance of equipment ratio (excluding depreciation) ³	14.0	13.9	14.3	14.1	13.4	17.4	19.9	13.1	12.3	12.0
Maintenance of way ratio (excluding depreciation) ⁴	11.5	11.5	11.4	12.4	8.7	11.5	14.3	12.5	13.4	13.0
Traffic ratio ⁵	1.3	1.0	2.0	2.3	1.6	3.0	1.7	2.2	2.1	2.3
Bankrupt operating ratio ⁶	73.7	73.1	77.0	77.1	75.6	70.4	70.7	82.1	83.2	84.4
Equipment net debit ratio ⁷	11.4	11.7	9.7	7.5	11.7	15.9	12.0	5.9	5.8	4.9

¹ Railway operating expenses/railway operating revenues.

² Transportation—Rail line—Total/railway operating revenues.

³ Maintenance of equipment total less depreciation (accounts 305 and 331)/railway operating revenues.

⁴ Maintenance of way and structures total less depreciation (account 266)/railway operating revenues.

⁵ Traffic total/railway operating revenue.

⁶ Railway operating expenses less net income/railway operating revenues.

⁷ Hire of freight cars and highway revenue equipment (debit balance accounts 122 less credit balance accounts 115)/railway operating revenue.

Transportation Expenses

A comparison of freight expenses per 1,000 gross ton miles (GTM) is shown in Table 2. The bankrupts' combined freight expenses per 1,000 GTM is about \$1.50 higher than the average Class I railroad, with higher transportation costs accounting for the entire difference. Analysis of the bankrupts' labor productivity explains in part why the transportation function is out of line compared with that of the rest of the industry; the

bankrupts generated only 78 percent of the gross ton miles per crew hour generated by Class I railroads as a whole.

Further analysis reveals that the bankrupts' operations, in terms of total crew hours, are 12 percent more yard intensive than the average. Thus, the bankrupts require more crew hours per unit of production than their competition, and a higher proportion of these crew hours are used for yard switching, indicating a more

TABLE 2.—Comparative freight expenses per 1,000 gross ton-miles

Dollars per 1,000 gross ton-miles	Bankrupts weighted average	PC	EL	RDG	CNJ	LV	AA	Average Class I	Average Southern District	Average Western District
Freight expenses:										
1973.....	7.52	7.35	6.53	12.98	21.99	8.66	10.10	5.98	5.50	5.45
Freight transportation expenses:										
1973.....	4.77	4.70	4.07	8.32	17.73	4.39	5.08	3.19	2.72	2.79
Maintenance of equipment (freight) expenses (including depreciation):										
1973.....	1.72	1.67	1.46	3.18	5.39	1.96	2.66	1.37	1.32	1.21
Maintenance of way (freight) expenses (including depreciation):										
1973.....	1.32	1.30	1.07	2.54	3.66	1.31	1.57	1.10	1.13	1.09

Direct Labor Productivity

1,000 gross ton-miles per crew hour:										
1973.....	22.83	23.55	28.27	11.85	4.16	21.72	20.86	29.18	25.29	35.53
Dollar revenues per crew hour:										
1973.....	200.46	203.86	216.76	169.48	91.44	208.07	208.92	217.41	183.86	241.05
Percent crew hours yard switching:										
1973.....	58.58	59.66	57.47	53.45	55.48	48.15	40.82	52.30	47.63	49.50

PC role in railroad industry

1973	Revenues	Gross ton-miles	Total crew hours	Train hours	Train Sw hours	Yard Sw hours
PC percent all Class I.....	12.37	10.64	13.19	12.44	6.10	15.04
Bankrupt percent all Class I.....	15.64	13.27	16.96	15.81	10.46	19.00

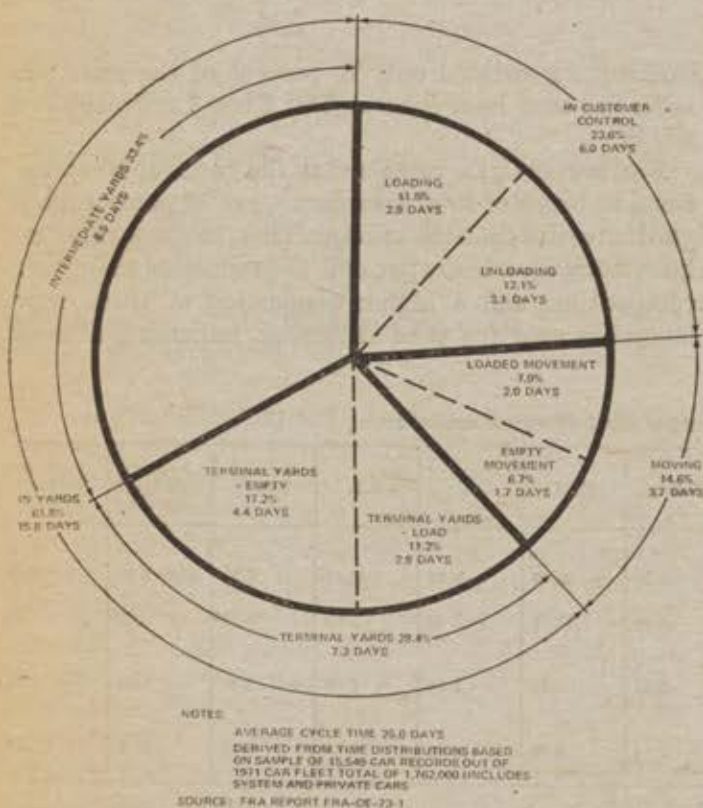
labor-intensive, yard-oriented railroad operation than the average. For this type of operation, the bankrupts received only 92 percent of the average rail revenue per gross ton mile.

Equipment Ownership Costs

Statistics on carloading cycles were developed by Reeble Associates for the Federal Railroad Administration's Demurrage Study. This study, based on a 15,600-car nationwide sample, indicated that railroad cars spend an inordinate amount of time in yards instead of moving.

As shown in Figure 1, loaded and empty cars in this sample consumed approximately 62 percent of their load-to-load cycle time in yards. This represents 15.8 days of the average cycle of 25.6 days. The customers

FIGURE 1
AVERAGE EQUIPMENT TRIP CYCLE



themselves had the cars under their control less than 24 percent of the cycle time, or 6.0 days. Loaded and empty cars actually moved less than 15 percent of the time, representing 3.7 days.

A similar analysis was made for car movements in the "Eastern District" where the bankrupt railroads dominate. This study found that, compared with the national sample, cars in the Eastern District spend somewhat more time in terminal yards and somewhat less time in intermediate yards. On an overall basis, 69 percent of the total cycle time is spent in yards, compared

with 11 percent moving and 20 percent in shipper hands.

Focus of Operations Analysis

From statistical analyses, transportation operations and equipment utilization appear to be key leverage points in charting a course toward improved efficiency and financial viability for the bankrupts. In particular, it appears that operational improvements should be sought in yards.

The Penn Central and other bankrupt carriers are known to be yard intensive. Although the bankrupts share of train hours is close to their share of the revenues of the industry as a whole, both of these exceed the proportion of GTM produced. These figures and other statistics, along with field observations, focused the operations planning process on yard and train operations.

Productivity of yard and train operations was analyzed to determine the extent to which productivity could be improved through better management and improved facilities. Direct labor cost for crews represents about 21 percent of the combined gross revenues of the bankrupts compared with only 17 percent of the revenues for railroads on the average. USRA also analyzed the indirect labor and other costs associated with operations. These studies reviewed potential manpower requirements resulting from a merger of the bankrupt railroads, improvements in the work processes used by bankrupt carriers and in the quality of the work being performed.

Improving Service

Shippers have placed great emphasis on the need for railroads to provide a fast, reliable service. The railroads' failure to match motor carriers in this respect over the years in potentially competitive markets has resulted in an inherent discounting of rail rates. Only in selective cases have railroads reversed this trend. On the other hand, as shippers choose among available rail routes, improvements in service in terms of reliability and transit time by one railroad or route can have a significant competitive impact.

Making rail transit time competitive with that of motor carriers is, of course, quite difficult since the difference between the two is normally very great. As shown in Figure 1, however, there is much room for improvement through the reduction of time in yards. The railroads' transit time problems are primarily the result of the queuing time involved in sorting and regrouping traffic in successive yards; slow orders on the road only compound the problem.

A recent study by MIT for the Federal Railroad Administration suggested that the single most important deterrent to reliable rail service is the frequent rehandling of cars at yards enroute from origin to destination.

tion: The statistics on car cycles cited above confirm that transit times can be improved significantly by reducing the number of days that cars spend in yards enroute from origin to destination. This would also significantly reduce equipment fleet requirements and yard crew and clerical work loads and eventually reduce pressures to discount rates to offset service deficiencies.

Improving Operations

Changing railroad operations requires challenging the implicit assumption of many railroad planners and executives that further improvements to their operations in competitive markets, though desirable, are precluded by labor, marketing, financial or other constraints beyond their control. As the bankrupt roads, however, spend over one billion dollars (not including car hire) for transportation each year, this activity should be subject to careful planning and control. Unfortunately, like most railroads, the bankrupts have neither sufficient information to plan nor satisfactory systems to control their operations.

For example, the bankrupt railroads did not have a current origin-destination traffic flow analysis, which is as basic to transportation planning as production statistics and projections are to manufacturing. Such data can be obtained from the car movement and interline abstract records already available in the bankrupts' data bases. Engineered performance standards and controls for men and equipment are virtually nonexistent on these railroads. A few railroads, notably the most profitable ones, have recently invested in equipment control systems; on the bankrupts, however, equipment control is still nominal.

These and other railroads remain perhaps the largest businesses in the United States in which, with a few exceptions, the primary production functions and assets are not yet regularly planned and controlled. Fortunately, it appears that efforts to plan operations have begun in recent years, as opportunities to lower costs by reduced maintenance of the plant have disappeared. As a result of their worsening situation, railroads generally are beginning to become alert to opportunities to improve their operations and service through integrated planning and control. Much remains to be done and most of it is within the control of management.

Rail Operations Alternatives

The movement of a carload of freight from one point to another on a railroad system is surrounded by a mystique that tends to discourage those who have not grown up in railroad operations from taking the time required to understand it. Actually, rail operations are

relatively straightforward in concept. It is the number and variety of combinations of flows which complicate the process. There are two basic functions in handling carload freight: movement and sorting.

The movement function is usually defined by the origin, destination and the route designated by the shipper on the bill of lading. Normally the shipper specifies a preferred "service route." If the shipper does not designate the route the originating railroad's agent designates the most "favorable" route (called the "long-haul" route) for the originating railroad. It should be noted that, due to the generalized nature of railroad costing, the most "favorable" or long-haul route may or may not be the most profitable route. Beyond the "long-haul" route, the agent may have some discretion in the selection of carriers to destination as long as the lowest rate applies. The routing choice is discussed in greater detail in Chapter 9.

The route shown on the waybill designates only the origin and destination of the movement on a given railroad. Normally, the routing of the car over that railroad from its origin (or on-line junction) to destination (or off-line junction) is at the discretion of the railroad.

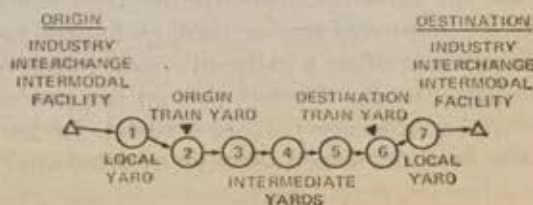
Generally a railroad has only one practical route via its own lines between a given origin and destination. In the case of the bankrupt railroads, several alternate routes exist, although one typically would be preferred.

Where there is a choice of route, the choice is usually made on the basis of distance, capacity, speed, grades, condition of track and intermediate points served. The selected line normally gets the investment, maintenance and service to become and remain dominant.

For ConRail, the cost of acquiring and rehabilitating lines is not a sunk cost. The long term choice of routes therefore can be reevaluated. Once that choice (and investment) has been made, the routing for a given movement will become virtually automatic. Given the origin and destination of a carload movement, its normal route (and the work load and cost involved in moving the car) will be easily ascertained.

It is in the sorting (or classification) function that management often has many options. Classification policies tend to be relatively rigid, but there is normally more flexibility in setting these policies than in the choice of routes for movement. A typical movement is illustrated in Figure 2.

FIGURE 2
TYPICAL CAR MOVEMENT



*Transportation Systems Division, Department of Civil Engineering, Massachusetts Institute of Technology, Rail Trip Time Reliability: Evaluation of Performance Measures and Analysis of Trip Time Data. Studies in Railroad Operations and Economics. Cambridge, Mass., 1970, June 1972.

Typically, a car released by a shipper is moved by a switch engine from the shipper's siding to a local yard. From there it will be grouped with other outbound cars and transferred to the main classification yard by a transfer or road crew. At the main classification yard, the inbound cars will be classified (flat-switched or gravity-humped) into blocks according to outbound destination. At this point, there are usually several potential choices, although classification policies generally prescribe a specific block for each destination.

To understand existing blocking policies, it is necessary to consider how they evolved. Before railroads had effective competition, most railroad managers believed that the way to maximize overall profits was to obtain the maximum productivity from each individual yard and road crew. Utilization of assets was ignored. It was implicitly assumed that, if each yard's productivity was maximized, system productivity also would be maximized.

For this, two standards have been widely used in the railroad industry: cars handled per yard engine hour and gross ton miles per train hour. Though somewhat less in favor today, these two standards still have a latent influence on management thinking in rail operations, and both are counter-productive to systemwide operating efficiency as well as service.

Carried to extremes, these standards encourage the "cascading" of cars from yard to yard in long tonnage trains, with rehandling several times enroute. Since movement in this way adds about a day's delay for each yarding, intolerable delays (as well as excessive overall switching cost) are the consequence.

Recognizing the effect of this type of operation, many railroads have established "through blocking" policies to bypass intermediate yards. Generally, these blocking plans move cars between major classification yards and major interchanges. Also, interchange cars are often now handled by "run-through" trains moving directly to or from major classification yards of principal connections.

Unfortunately, some of the benefits of bypass blocking plans have been lost because of a tendency to concentrate classification capacity on the expedited movement of some rather than all cars. Shippers with leverage often are favored instead of making the optimum blocks from the standpoint of all traffic. This is a natural occurrence in an industry where planning generally has been implicitly defined as responding on an ad hoc basis to specific pressures by key customers or meeting competition by another railroad in an important market.

Because the rates are normally identical among rail competitors, improved service through bypassing intermediate yards is often a railroad's most effective competitive lever. It was through this ad hoc process that most railroad blocking policies evolved. In few cases have they been developed through systems analysis or on any other integrated basis.

USRA analyzed the traffic flows and the blocking and scheduling policies of the bankrupt railroads. It appears that the basic blocking plan of the Penn Central is relatively efficient, especially with respect to intermediate yards. On the other hand, PC appears to have congestion problems in the origin and destination terminals. Revised blocking policies might relieve the congestion and reduce the work load at these points.

Moving the sorting function could thus affect not only the location but also the magnitude of ConRail's capital investment. Investment in acquisition and rehabilitation of facilities, as well as closing or downgrading yards, will be determined in part by blocking policies. The main lines connecting these facilities also are influenced by the blocking plan.

Operations Planning Process

The operations planning process focused on the critical factors previously discussed. USRA used an iterative planning process which began with broad overview studies. These were followed by increasingly detailed studies focusing on problems identified in the broader studies.

Overview Studies

The overview approach is based on field observations and analysis, using comparisons with other railroads and authoritative estimates of the impact of potential changes. Included in the overview phase was an intensive 30-day study of the bankrupts by five railroad vice presidents with operating experience outside the Region.

To develop an operating plan, it is necessary to have some concept of the plan's results. The overview studies initially were used to provide preliminary assumptions for USRA's Office of Financial Planning. This enabled Financial Planning to make order-of-magnitude estimates of the viability of the various strategic options. The overview analyses were also used for estimating the sensitivity of viability to changes in basic assumptions such as traffic growth, network size, etc.

Detailed Studies

The detailed studies used data on traffic flows within the system to develop an operating plan through simulation of current and projected traffic movements. The operating plans were then used to estimate the equipment, facility and manpower changes that may be anticipated under a given option. Ultimately, these were translated into an effect on pro forma income and cash flow statements and balance sheets.

The detailed studies are more time consuming than overview studies but they yield significant differentiations between the strategic options under consideration. They also provide a basis for the analyses necessary for implementation of an operating plan.

Consideration of alternate systems by USRA gave an additional dimension to the planning effort. In addition to the strategic options discussed in Chapter 3, several other policy alternatives are being analyzed. These include:

- Variations in the railroad's pick up and delivery role,
- Variations in the extent and rate of rehabilitation and
- Inclusion or exclusion of light-density lines.

In addition, the following technical options have been analyzed:

- Various train sizes, crew consists and bases of pay,
- Addition of major new classification facilities and
- Various blocking strategies.

As these changes and variations are still being studied, an estimate of benefits resulting from them has been included in the Preliminary System Plan.

The detailed planning process used computer simulation to analyze these options. A flow chart, Figure 3, shows the relationship between the various efforts in operations planning and the output used by other USRA planning units. The most significant operations planning efforts, which are described in detail in Appendix E, are as follows:

Traffic Flow Data Base.—A merged nonduplicative origin and destination traffic flow data base was developed for the bankrupt roads containing, for each flow, actual origin and destination station, commodity, cars, tons and revenues. Revenue abstracts were used for loaded movements. Car movement "cycle close" records² were used for empties.

An alternative empty movement algorithm was also developed for the use when "cycle close" records were not available. High and expected traffic projections for 1980 and 1985, developed by Temple, Barker & Sloane, were used as one estimate of future requirements. Traffic projections incorporating a lower rate of growth during the next several years, in recognition of current economic conditions, were also used to estimate future requirements.

Blocking Study.—Stanford Research Institute and the USRA staff jointly developed a proposed blocking strategy for each option, using the traffic flow data base and analyses of yard capacity. The proposed blocking strategy was fed into a specially developed computer program which printed out the workloads at each yard node, the number of times each flow was handled and the loadings on principal lines. The computer also printed out an analysis of each flow so that

improvements could be made in the blocking strategy in successive iterations.

The output report showing yard and line loading then was used to test yard and line capacities. Train miles, car miles and gross ton miles also were generated by the computer for each option to assess the economic impact of operating decisions so costs and delays could be reduced in successive iterations.

Yard and Terminal Studies.—USRA's staff visited 60 yards and terminals on bankrupt roads, completing a 35-page questionnaire at each terminal. In 23 yards, this was supplemented by 3 consulting teams provided by R. L. Hines Associates, Inc. The teams, which included experienced railroad engineers, operating officers and cost analysts, estimated yard efficiency and costs as well as existing capacity and identified improvements needed in the physical plant and in management techniques.

Line Capacity Analysis.—Nearly 10,000 miles of the bankrupt mainlines were included in the various line capacity studies. FRA, RSPO and USRA cooperated to determine mainline capacities. The Train Performance Calculator (TPC) program of Thomas K. Dyer, Inc. has been used by all three agencies to relate profile, alignment, normal track speed and slow orders to train running time and fuel consumption. FRA also used the Train Dispatching Simulation model of Peat, Marwick, Mitchell & Co. to simulate the movement of trains over single, double and multiple track configurations, at various track speeds and with a variety of signal systems.

Analyses have been made of the effect of slow orders on train delays, train crew costs and locomotive fleet requirements. Analyses also were made of track and signal requirements, as well as various rehabilitation scenarios given a blocking and scheduling plan. FRA has made these data available to USRA.

Intermodal Study.—Opportunities to improve intermodal services were analyzed, including traffic, operating and cost studies. Reebie Associates, working with FRA on a related project, is assisting USRA in this effort. Intermodal operations are discussed in detail in Appendix F.

Terminal Effectiveness Studies.—USRA's Regional Managers, assisted by railroad personnel, are making detailed analyses of sample industrial switching and local operations. This study relates industry switching work performed to the revenue received and identifies profit improvement opportunities with conventional rail pick-up and delivery services.

Equipment Utilization Study.—Analysis of the potential for improving freight car utilization was carried out for USRA by Strong, Wishart & Associates. The three major tasks in this study were:

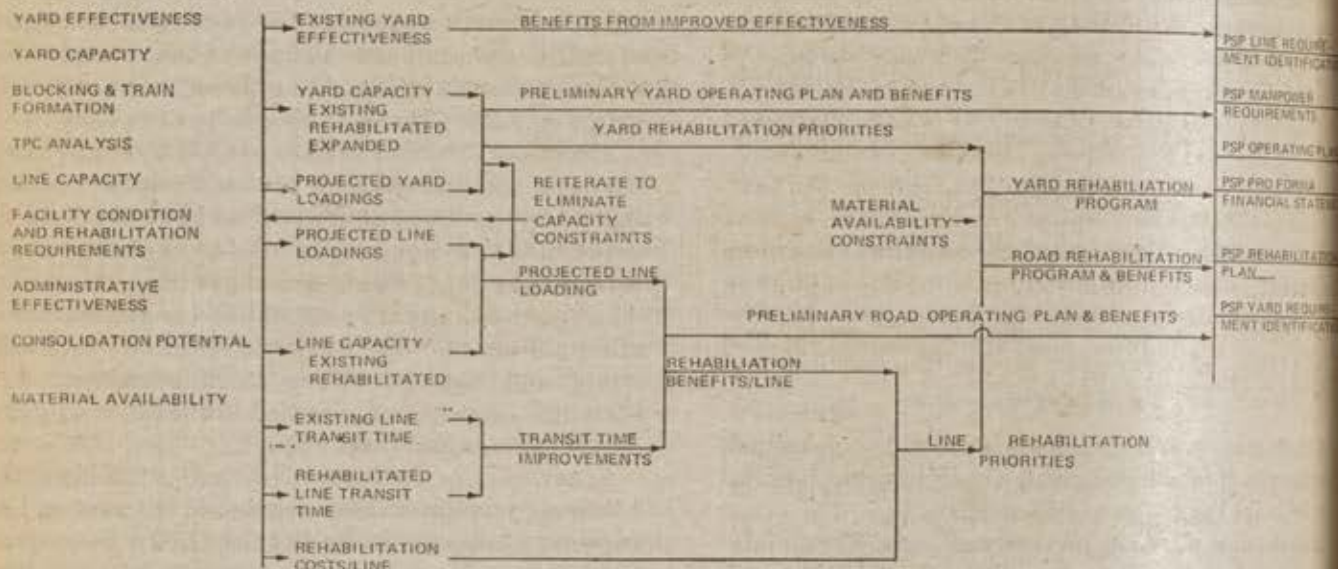
- A review of car distribution policies, techniques and information systems,

² An empty cycle close record contains as an origin the interchange point at which the empty was received or the location where the car changed from load to empty status; destination is the interchange delivery point or the point at which the empty is reloaded.

FIGURE 3

UTILIZATION OF PRELIMINARY SYSTEM PLAN PLANNING PROJECT OUTPUTS

PSP PLANNING PROJECTS



- A projection of future freight car needs and
- External and internal constraints on freight car utilization.

A study of locomotive requirements is being carried out by USRA staff. Electrification proposals for very heavy-volume mainlines are also being reviewed.

Yard Offices and Agencies.—A staff study was made of yard offices and agency functions to determine the potential for improving performance and cutting costs. Systems in use on bankrupts and other railroads were reviewed.

Management Information Systems.—The USRA staff is conducting an overall review of the management information systems of the bankrupt roads. This review will enable USRA to plan the initial integration of the information systems as well as plan long lead time/high payoff management information system requirements so that benefits can be realized as quickly as possible.

Administrative Study.—The staff reviewed the present management organization and function of each of the bankrupt roads to determine the organization requirements of the properties under various strategic options, taking into account the consolidated workload, decisionmaking requirements and organizational goals.

This study covered positions not included in other studies. It provided input to USRA's Office of Manpower Planning as well as projections of the general and administrative accounts.

Basic Planning Assumptions

The following planning assumptions have been used in the planning process for evaluating strategic options:

- **Joint Operations.**—In comparing strategic options, a high degree of rationality has been assumed. While it is theoretically possible to operate a joint facility as efficiently as separate facilities, experience with joint facilities indicates that this is rarely achieved. However, it has been assumed that joint facilities would be utilized to the extent practicable, rather than constructing or rehabilitating separate yards for ConRail East and West or North and South. Frictional losses related to unmerging the systems were considered.
- **Traffic Base.**—For operations planning purposes, it was generally assumed that the bankrupt and solvent carriers would retain their existing traffic base with current routes open. Traffic shifts were analyzed on a specific basis where anticipated.
- **Traffic Routings.**—For those options involving a split of the bankrupt systems, traffic flows were assumed to move via the better service routes, unless the two routes are about equal in service, in which cases the traffic was split equally.
- **Abandoned Lines.**—Where lines or services are abandoned, it was assumed that all the traffic originating or terminating on those lines was lost. It generally was assumed, however, that sub-marginal light-density lines would be subsidized and retained for two years.
- **Customer Leverage.**—In developing the operations plan, emphasis was placed on improving service generally instead of providing special uneconomical service to key customers.

Minimizing the rehandling of cars on an overall basis results in minor flows "cascading" through several yards so that the available facilities can be allocated to pre-blocking the maximum number of

cars. It was found through simulation that, with an integrated operating plan, the majority of the customers should experience improved service.

Planning Instead of "Stand-By" Investment.—Recognizing that money, men and materials will be limited, it was assumed that ConRail would be provided with a satisfactory plant and adequate equipment but not at "luxury" levels. Improved planning and control was assumed in lieu of underutilized standby plant and equipment. USRA's studies indicate there is a tendency to provide excessive standby switching service for key customers. Satisfactory but not excessive switching service has been assumed.

Principal Operating Findings

The planning process described in Figure 3 was applied to the preferred three-system structure described in Chapter 3 as well as to the single-system ConRail, ConRail North/South, ConRail East/West, ConRail 1/2 and other strategic options, under varying assumptions relating to volume changes and management effectiveness. This process was used to identify mainlines and yards required by ConRail. It was also used to develop the manpower requirements, rehabilitation plan, and operating plan. Inputs to the pro forma financial statements were prepared on this basis for the Preliminary System Plan.

Projected Operating Improvements

All financial analyses in this section are represented in 1973 dollars, without regard for inflation, but reflect 20 percent volume growth through 1985. The ratios and financial data discussed in this section do not include EL operations.

In 1973, the operating ratio (operating expense/railway operating revenue) of the Penn Central was 82.7 percent, with Penn Central accounting for 88.6 percent of the bankrupts' railway operating expenses. ConRail pro formas project that this ratio, after initially increasing to 89.6 percent in 1976, will decline to 71.7 percent in 1985.

Penn Central transportation expenses were 56.9 percent of operating expenses in 1973; more than 50 percent of the operating ratio improvement has been realized in this account. Maintenance of way expenses accounted for 29 percent of the improvement and all other expenses accounted for the remaining 21 percent.

The projected transportation ratio improvement from 82.1 percent in 1976 (transportation expenses/railway operating revenues) to 38.7 percent in 1985 resulted from projected improvements in yard operations and train operations.

Total projected improvements in freight transportation expenses for ConRail I (in millions of 1973 dollars) are as follows:

ConRail I

Category of expense	1973	1976	1985	Change in expenses 1976-85 ¹	
				Dollars	Percent
Yard-related.....	271	307	299	(38)	(12)
Train-related.....	437	436	379	(57)	(13)
Other.....	235	266	282	16	6
Total freight transportation...	943	1,009	960	(79)	(8)
Net car hire.....	257	228	177	(51)	(22)
Total.....	1,200	1,237	1,137	(130)	(11)

¹ Net of the increased costs of moving the 20 percent additional tonnage expected to be added to the traffic base by 1985.

Yard Improvements.—Projected improvements in yard operations were based on the findings of the following studies:

- Blocking simulations—Stanford Research Institute (SRI).
- Yard operations and engineering study—R. L. Hines Associates, Inc. (RLH).
- USRA staff studies.

These studies are described in detail in Appendix E. The USRA staff was assisted in these studies by a railroad operations liaison team headed by PC's Director of Yards and Terminals.

Yard operating expenses accounted for 28.7 percent of ConRail's freight operating expenses in 1973. More than half the \$38 million projected decrease in yard operating expenses results from a 10 percent reduction in system classification requirements resulting from scale economies and an improved system blocking plan. The remaining improvements result from the physical rehabilitation of yards and related facilities. Additional cost reductions due to improvements in yard operating efficiencies have not been assumed, as such improvements would require more management attention than is expected to be available in the first several years.

Train Operating Improvements.—Train-related expenses totaled 46 percent of the bankrupts' 1973 transportation expenses. The principal reason for the \$57 million decline expected in these expenses is the \$2.0 billion plant rehabilitation program, 73 percent of which will be spent on track-related improvements. The net impact of this rehabilitation program is expected to be a 21 percent improvement in train running speeds, requiring fewer crews on local freight trains running over the rehabilitated line segments, virtual elimination of recrewing of trains enroute, a reduction of constructive allowance payments for delays associated with a debilitated physical plant and a decline in "loss and damage" and "wreck clearing" expenses to the norm of a well-maintained railroad.

Other Expenses.—Other expenses include freight station operating expenses, projected to decline slightly

from 1976 to 1985 due to the merger consolidation savings. Likewise, intermodal terminal costs are expected to decline, initially due to the deletion of existing unprofitable traffic, and subsequently to increase in accordance with projected intermodal traffic growth. Signal and communication expenses are expected to increase as the systems are expanded to permit more efficient operations.

Net Car Hire Improvements.—Estimates of changes in net car hire were developed in the study of equipment utilization, control and acquisition by Strong, Wishart & Associates, described in Appendix E. Net car hire payable is expected to decline from \$228 million in 1976 to \$177 million in 1985. Of this, \$30 million or 59 percent is due to the development and implementation of an improved equipment distribution and control system, as well as less car delay in yards resulting from reduced classification requirements, and faster train transit times due to plant rehabilitation. The remaining \$21 million improvement is due to a ConRail financial planning assumption that all new cars will be purchased rather than leased, reducing future lease payment expense (part of net car hire) and increasing interest expense.

Car Handling Requirements

As a result of the detailed blocking study carried out in preparing the Preliminary System Plan, it is estimated that system car switching requirements under ConRail I can be reduced by 10 percent compared to a simulation of existing operations. This reduction is possible because aggregated traffic flows in the merged ConRail system are greater than in the individual systems of the seven bankrupt railroads and also because the plan places emphasis on a strategy of making more refined ConRail destination blocks at origin classification yards, reducing the total amount of switching required system-wide.

By improving the quality of classification (making more beneficial car sorts with the existing traffic flows), this reduction can be made without increasing the number of classifications prepared or the number of cars switched per day in any of the significant ConRail yards. An additional two percent reduction in system switching can be made by assuming that selected yards prepare more classifications than they are presently making. In most cases, railroad liaison representatives agree that such classifications can be prepared. However, in some cases it is evident that an expansion in yard capacity may be required. To test the exact expansion required, and to define which portion of a yard's operation is actually constraining overall switching capacity, detailed yard simulations are being carried out in yards where significant changes are anticipated.

Facility Requirements

The general role that the bankrupts' system classification yards and main lines will have in the proposed ConRail operating plan is described in Chapter 3. Mainline rehabilitation priorities and constraints are also discussed in this chapter.

The specific role of the various yards will depend on the strategic option ultimately implemented. This is still under study.

Rolling Stock Requirements

ConRail's requirement for freight cars was developed in a special study by Strong, Wishart & Associates. This study estimated that overall freight car utilization could be improved on ConRail I by 31 percent, based on car-days on line per load originated. The estimated improvement by car type was as follows:

Improvement in percent	
Plain box	31
Equipped box	35
Gondolas	20
Open top hoppers	25
Covered hoppers	45

To achieve this improvement, the implementation of a computerized operating control system is required. Such a system would continuously monitor car movements, predict needs for empty cars as well as the location and quantity of empties being generated from loads, automatically fill some orders and assign destinations for some empties. This system should utilize a car distribution strategy which involves centralized control of the various steps of car distribution except for the local matching of individual cars to local car orders. Extremely accurate and complete "real time" car flow data are required for such a system.

Improving the utilization of the car fleet would reduce projected freight car acquisitions over the ten years from 1976 to 1985 by more than 40,000 cars for ConRail I, saving an estimated \$1.2 billion in freight car acquisition costs.

Breaking ConRail into two or more systems would materially reduce equipment utilization by disaggregating car pools and introducing additional interchanges. The effects on car requirements and expenditures were estimated to be:

	Additional cars	Additional freight car expenses (billions in millions)
East/West	6,000	\$180
North/South	5,000	\$150
Neutral terminals	3,000	\$90

Locomotive Requirements

Locomotive use was studied to determine the required fleet, by types and quantities of locomotives, for

each of the several alternate ConRail systems. A major problem was obtaining accurate data. A further complication was that ConRail locomotive requirements will be appreciably affected by the upgrading of main and yard track, elimination of certain branch lines and wider pooling and centralized control of motive power. Identifying and measuring the quantity and timing of these modifications and improvements, and their translation into locomotive requirements, was crucial in determining future fleet size, year by year.

Penn Central has over 4,000 locomotive units, or 90 percent of the bankrupts' locomotive fleet (excluding EL); therefore, efforts were concentrated on evaluating PC utilization policies and practices. Visits were made to the "Blue Room" in Philadelphia, where motive power assignments are made for the Penn Central system. Visits were also made to selected yards and locomotive facilities. Methods of assigning and utilizing motive power were studied. Utilization of locomotive units was estimated on the basis of visual inspection, sampling of records and discussions with experienced personnel.

In addition, a computer model was constructed, using the "factor analysis" technique. Ten factors, each bearing on a railroad's locomotive fleet size and composition, were considered. Numerical coefficients were determined for each railroad for each of these factors.

An anticipated decrease in slow orders, for example, could be translated into a reduction in locomotive unit requirements. This model was run and the results compared with the "on the ground" approach discussed above, allowing a fine tuning of fleet requirements.

Train requirements and switching volumes in yards developed in the blocking project were reviewed for their effect on locomotive utilization and incorporated in fleet requirements for the several alternate ConRail system configurations.

Projected 1976-1985 traffic growth of 20 percent will require an 11 percent larger fleet or 468 more locomotive units. The most significant improvement in locomotive utilization will occur from track and yard rehabilitation, allowing more efficient use of locomotives. This is expected to reduce locomotive fleet requirements by 17 percent, or 722 units.

It appears that very little slack exists in PC locomotive distribution on those units centrally controlled. Most existing slack may be attributed to the lack of computerized reporting and control aids, since all location information and control is transmitted by telephone. It is estimated that installation of a sophisticated operating data system supplying reliable and complete "real time" utilization information to a centralized distribution point could improve utilization by an additional 2 percent.

Because of the unequal size of the merger partners, merger-related savings coupled with improved service-

ing facilities should improve utilization by a further 2 percent.

Electrification.—In view of the uncertain energy situation and projected traffic densities, electrification may be economical for certain high-density ConRail routes. Because of the lead time for feasibility and engineering studies prior to a decision on electrification and the lead time for the implementation of an electrification program, no immediate effect on locomotive requirements has been anticipated.

Rail Industry Productivity

Much has been written lately about the need to improve railroad productivity. The Final Report of the Task Force on Railroad Productivity to the National Commission on Productivity and the Council of Economic Advisors, *Improving Railroad Productivity* (November 1973), focused on this subject.

The preceding sections of this Chapter have dealt with productivity improvements possible within the discretion of ConRail management. Though additional productivity gains would reduce the government's role in ConRail, major productivity gains further than those previously described in this Chapter are beyond the sole discretion of ConRail's management. Achievement of these productivity improvements will require, in some cases, the cooperation of labor and other railroads—which also have much to gain.

Capital Productivity

In developing the Preliminary System Plan, USRA has focused a substantial effort on improving the productivity of plant and equipment investment. In doing this, USRA recognized that the normally "sunk costs" in plant and equipment investment are essentially variable costs in establishing ConRail.

To improve capital productivity, USRA has identified opportunities to rationalize and rehabilitate plant, consistent with present and future needs. In addition, major studies have been made of freight car and locomotive utilization. As a result of the implementation of the recommendations contained in this report, equipment utilization is expected to be improved by 31 percent, with present car service rules. With this improvement in utilization and by fully rehabilitating only key lines, rather than all of the existing facilities, ConRail's capital requirements have been reduced by more than a billion dollars.

As discussed in Chapter 4, USRA is considering numerous joint-use projects that will improve capital productivity further. As with facilities, opportunities exist to reduce equipment requirements even further if more efficient yet equitable car service rules can be developed by the industry. Such rules would reduce empty car backhauls.

Manpower Productivity

In addition to improvements in productivity, the financial projections in the Preliminary System Plan also reflect greater efficiencies in train and yard operations resulting from improved planning and control and plant rehabilitation. These financial projections are based on improvements that can be made within existing labor agreements, assuming that the implementing agreements required for ConRail under the Act permit normal integration of operations as the properties are merged. Savings resulting from possible changes in national and local labor agreements have not been included in the financial statements set forth in Chapter 14.

Revenue Ton-Miles Per Employee.—As noted in Chapter 12, railroad industry employment fell over 60 percent from 1947 to 1973. During that same period, revenue ton-miles (RTM) increased 30 percent, resulting in a 4.8 percent compounded annual improvement in revenue ton-miles per employee. It should be noted that during this period the railroads significantly reduced their role in passenger, less-than-carload freight services and rail car shops which had little effect on RTM but had a great effect on employment.

In the last five years, RTM have shown a 5.4 percent compound annual improvement, and between 1972 and 1973, RTM per employee improved by another 10.7 percent.

On the other hand, productivity gains measured by RTM per employee have been more than offset by the quadrupling of average annual earnings per employee (excluding fringes) since 1947, at a compound annual rate of 5.7 percent. With average revenues per net ton-mile increasing at a compound annual rate of only 1.6 percent during the same period, the RTM per dollar of employee compensation fell from 150 in 1947 to 120 in 1973. Most of this decline occurred in 1970 and 1971, when RTM per compensation dollar fell from 143 to 123. The rate of decline leveled out with volume growth in 1972 and 1973.

Reasons for Past Gains.—Several factors account for the productivity gains previously discussed. Reductions in passenger and less-than-carload (LCL) services were a major factor. Traffic growth was also important, and this tended to help the railroads as changes in overhead tended to lag changes in volume. Another major factor involved in improving productivity has been capital investment, including: dieselization, growing use of computers, automation and mechanization of maintenance activities.

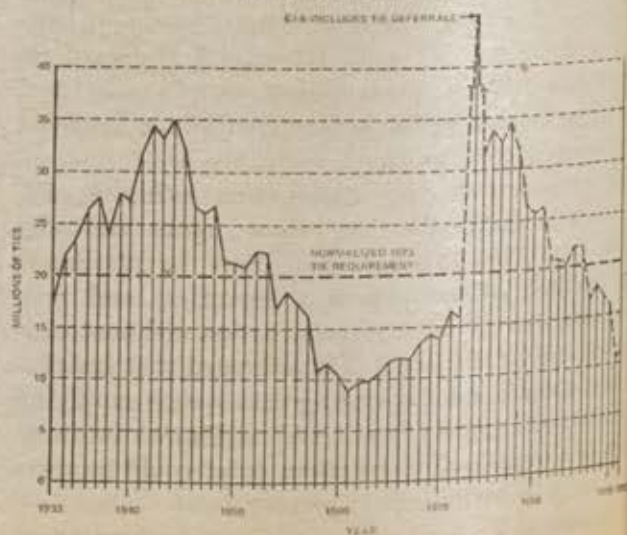
Management policies have played a significant role, too. Among the most important in terms of productivity have been operating heavier trains, encouraging heavier carloadings and operating fewer train miles. To some extent, these changes have resulted from better planning and control of operations, as suggested in earlier

sections of this chapter. Unless carefully planned, however, these management policies would, in effect, improve productivity by reducing the quality of service. Given the fact that average revenue per net ton-mile actually declined from 1959 to 1966, and only regained the 1959 level in 1970 (during which period the Association of American Railroads' combined wage and material price index rose 63 percent), it is not surprising that rail managements have had a strong desire to make productivity gains, even at a sacrifice of service. Any reduction of service, of course, accentuates pressures to depress rail rates, creating a downward spiral.

Urgent Need for Further Gains.—It is stated often that dieselization in the 1940's and 1950's saved the railroad industry by increasing train size and reducing locomotive maintenance. The extraordinary installations of track materials from 1935 to 1950 (see Figure 4) may have had an equally profound effect on manpower requirements (with the resulting appearance of productivity gains) at least for the succeeding 30 years. Following this surge of track materials installations, relatively little maintenance was required for several years. When the bulk of materials installed reached maturity, controlling maintenance-of-way budgets became increasingly difficult. As the lives of materials were reached in the late 1960's and 1970's maintenance requirements became urgent, and deferrals of maintenance had a critical impact on operations and service. The operation of heavier cars and heavier trains compounded the problem.

Just as management was running out of ways to improve productivity, employee compensation rose sharply, and the RTM per dollar of employee compensation took a sharp drop. Rapid traffic growth in 1973 tended to relieve this problem in general; however, it compounded the declining track condition problem.

FIGURE 4
25 CLASS I RAILROADS TIE INSTALLATIONS
AND THE REQUIREMENTS 1923-1992



SOURCE: THOMAS E. DYER, INC., ESTIMATIONS, 1988.
SEPT. 1988

Track material replacement requirements are accelerating and will continue above normal through the mid 1980's. To survive this and other problems, the railroads must either raise rates substantially (and thereby possibly drive away more of their present traffic base) or significantly increase productivity.

Constraints on Productivity Improvement

When productivity is mentioned in the railroad industry, the discussion usually centers on constraints imposed by labor agreements. In the last few years, both management and labor have recognized their mutual need to come to grips with productivity. While it might be argued that the pace of change should be accelerated, it appears that progress is being made.

Preliminary analyses by the USRA staff indicate a potential for substantial productivity gains through changes in work rules, crew consists, bases of pay and craft distinctions. No attempt has been made, however, to anticipate the outcome of current labor-management discussions of some of these issues in preparing the Preliminary System Plan.

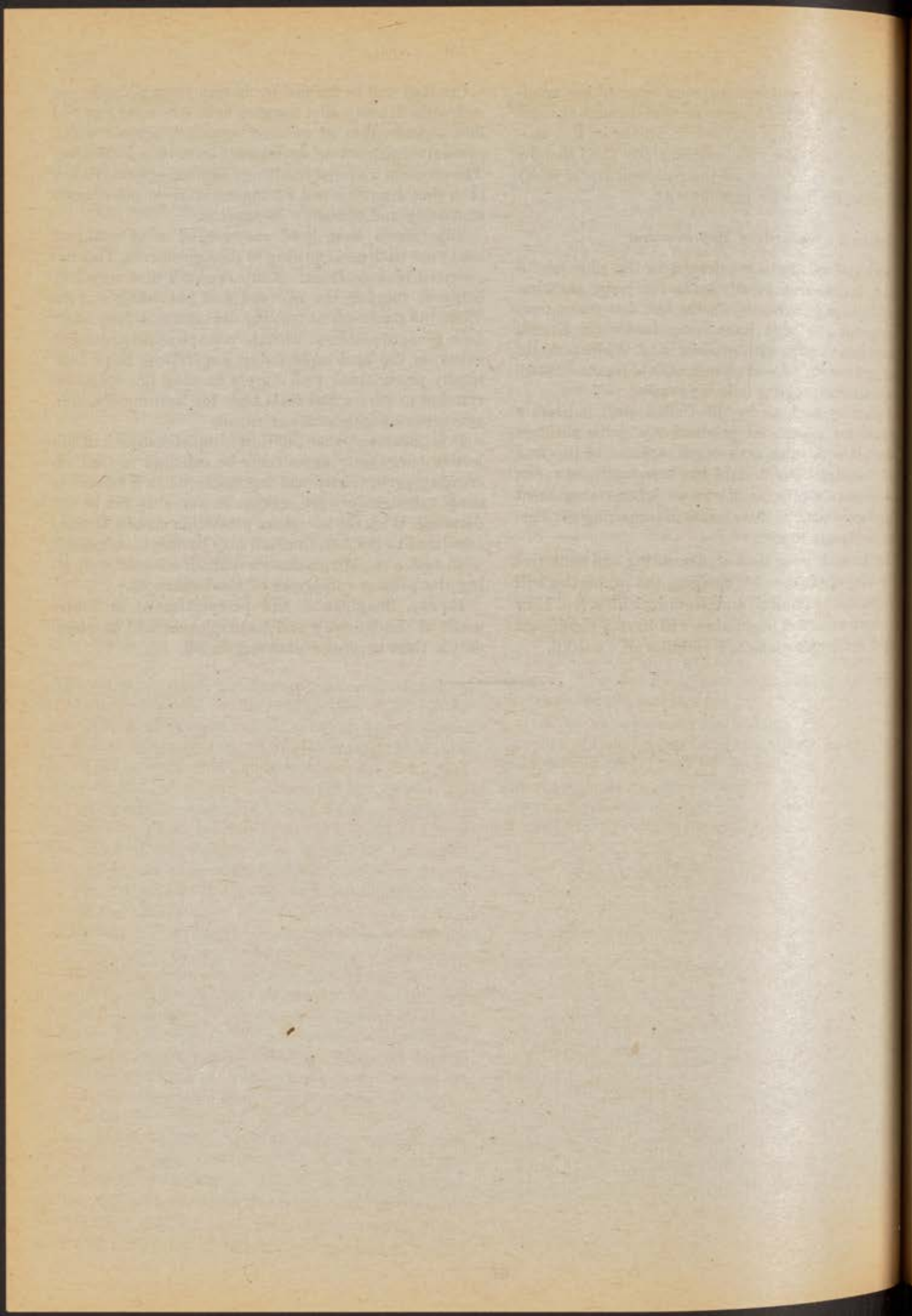
The Act anticipates that implementing and collective bargaining agreements for merging the properties will be negotiated by ConRail and the unions involved. How these agreements are negotiated will have a significant impact on the operations and viability of ConRail.

ConRail will be formed by merging several bankrupt railroads. Historically, mergers have generally resulted in a continuation of existing agreements upon which general implementing agreements have been laminated. The problem with the resulting complex agreements has been that frontline rail management could not operate as flexibly and efficiently as possible.

Supervisors have been unaware of what could or could not be done according to the agreements. This has occurred because frontline supervision's first responsibility is running the railroad and providing service. With the tradition of moving management frequently from place to place and with the poor physical plant that exists on the bankrupts today, supervisors have been totally preoccupied with simply keeping the operation running and have had little time for learning the idiosyncracies of each local agreement.

It is imperative that ConRail's implementing and collective bargaining agreements be oriented toward increasing productivity and be structured in a relatively simple straightforward manner so that they can be understood. With the severance protection clauses already contained in the Act, ConRail may be able to commence with such a set of agreements without adversely affecting the present employees of the bankrupts.

Equity, imagination and perspective as to future needs of the industry and its employees will be necessary as these agreements are negotiated.



6

Facilities and Equipment Evaluation and Planning

The Association has had under study a vast railroad network covering 17 states, including about 21,000 miles of right-of-way, more than 4,500 locomotives and 175,000 freight cars, as well as shops, yards, signals, bridges and other facilities.

The Regional Rail Reorganization Act of 1973 recognized that correcting the problem of deteriorated facilities and inadequate equipment condition is essential to ConRail's success and directed the Association to plan for the railroad's rehabilitation and ongoing normal maintenance.

The first task was to compile a complete and refined inventory of all such assets and to determine their condition. These data formed a base for USRA planning decisions and rehabilitation strategy. This chapter outlines data collection methods and recommends a plan for restoring those physical elements essential to ConRail's success.

Correcting the deteriorated condition of the bankrupts' facilities and equipment will require a substantially greater public investment than previously contemplated. At current prices, the Association estimates the cost of eliminating deferred maintenance on lines included in ConRail at a minimum of \$2 billion. Even with the proposed reduction

in lines, proper rehabilitation will require the laying of about 1,650 track miles of new and second-hand rail and 2.4 million new cross-ties each year, plus repair of innumerable bridges and buildings, the roadbed and the signals and communications network. There are constraints other than those of a fiscal nature, the greatest of which is the lack of sufficient steel rail.

A program to bring the ConRail equipment fleet to its proper size and quality will cost a minimum of \$700 million (in 1973 dollars), plus the cost of improvements to major shop facilities. The plan also proposes the acquisition over a ten-year period of about 800 new locomotives and 20,000 new freight cars. The Association has prepared these estimates carefully and believes that they reflect reasonable and necessary investments.

This chapter also deals with such issues as the shop facilities to be retained, the extent to which the railroad should be rehabilitated and the priorities which must be set in view of the magnitude of work required with limited availability of resources.

Deterioration of track, locomotives or freight cars leads to a decline in a railroad's ability to provide efficient and competitive transportation service. As shippers become dissatisfied and divert traffic to other railroads or transportation modes, revenues stagnate or decrease as day-to-day operating costs increase because of the lower efficiency of the physical plant. This has been the situation of the bankrupt railroads in the Region. Under the Act, the Association is responsible for conducting studies and formulating plans to rehabilitate, maintain and modernize these properties.

The physical plant of the railroads under study is a vast network covering 17 states and including 21,000 miles of right-of-way, more than 4,500 locomotives and 175,000 freight cars, as well as shops, yards, signals, bridges and other facilities.¹ It was first necessary to compile a comprehensive inventory of the existing facilities and then to assess their condition. Work necessary for rehabilitation as well as possible constraints (such as material and manpower shortages) to conducting a rehabilitation program were identified. After evaluating the required work and possible constraints, programs for ConRail's rehabilitation, maintenance and modernization were developed.

These programs were predicated on the need for improvement of the plant and equipment to an acceptable

level as quickly as possible but also reflect realistic assumptions regarding the effect of both material and financial constraints. Equipment programs were based on projected locomotive and car needs, based on the size and condition of the bankrupt carriers' present fleets, projected traffic growth and projected equipment utilization.

The present condition of the bankrupt railroads' physical plant is one of the major problems in developing a successful ConRail able to fulfill the requirements of the Act. Improvements in operations and potential marketing gains are dependent on improvements in the plant. These essential improvements will require maintenance costs substantially in excess of present levels to compensate for the past maintenance-deferral policies of the railroads.

The proposed rehabilitation described in this chapter and reflected in the pro forma statements (Chapter 14), was developed by programing what could reasonably be accomplished, assuming minimal difficulties in overcoming various constraints on the availability of manpower, material and equipment. These projections reflect:

- Eliminating all presently deferred maintenance by 1989,
- Correcting the deferred maintenance that will continue to occur until a sufficient program is fully underway, and
- Normal annual maintenance requirements.

¹ The figures contained in this chapter do not include the facilities and equipment of the Erie Lackawanna Railway. Preliminary investigations are being made by USRA staff of the EL plant and equipment and their related rehabilitation cost.

Should ConRail not be able financially to support all of the necessary rehabilitation work at the Association's projected rates of renewal, the proposed program can, if necessary, progress over a longer period of time by installing less rail, fewer ties and less other material each year. Obviously, all long-range programs require periodic review, and ConRail will be able to make revisions to the Association's presently projected program in the light of future traffic patterns and operational improvements resulting from rehabilitation activities. Any major revisions to the present program, however, would not be appropriate until ConRail's plant has been rehabilitated to the point where:

- Trains can get over the road effectively,
- Yard operations are improved significantly to handle traffic efficiently,
- Signal systems, structures and other facilities are reliable,
- Operations and traffic patterns have developed to the point where more definite projections are possible, and
- Future funding requirements and anticipated funding levels are determined.

The magnitude of deferred maintenance is so great, however, that the program realistically cannot be compromised in its early years. When operating efficiencies resulting from the rehabilitation program are available to ConRail and when future demands on the plant have better definition, review and appropriate revision of the program will, of course, be required.

Traditionally, the level of maintenance has been a function of available financing and the degree of operating efficiency which railroad management felt desirable in light of overall circumstances. But ConRail is not a traditional situation; the lines to be included in the system are so deteriorated that normal rules do not apply. While the Association's rehabilitation strategy can allow for some downward renewal rates during ConRail's formative years if availability of financing or material dictate no other choice, the consequences could be serious.

The Association's rehabilitation strategy recognizes that some sacrifice in operating efficiency may be required in the light of overall material and financial considerations. However, the result may be higher long-run costs, poorer service and possible decline in market share. For example, effective and profitable piggyback service is impossible if the railroads' main lines cannot sustain a dependable high-speed operation. Further, day-to-day operating costs can be affected by lower maintenance levels. Examples of these are:

- Increased costs resulting from derailments and damage claims,
- Increased day-to-day basic maintenance just to keep trains in operation, which is far less efficient than programmed renewals,

- Increased train and engine crew costs resulting from increased times to get trains over the road,
- Increased per diem payments and other car utilization costs because the cars simply do not move as quickly both over the road and through terminals, and
- Lost revenue because the plant cannot adequately handle business.

Whatever course of action may be necessary, obviously priorities will be applied as to where work is done first. First priority must be given to those facilities retained in the Final System Plan which presently meet only minimal safety standards. After satisfaction of those requirements, the Association's plans provide for a staged approach, keyed to priorities, where the rehabilitation effort will produce a prompt impact. This strategy will be dictated by requirements such as:

- Traffic patterns,
- Train operating cost reductions which will result from an improved plant,
- Customer service,
- Equipment utilization,
- Equipment costs,
- Derailment costs and
- Ongoing interim maintenance costs.

On the basis of the route classification presented in Chapter 3, geographically specific rehabilitation priorities are as follows.

<i>Priority</i>	<i>Type</i>
First-----	Principal through freight routes
Second-----	Secondary through freight routes
Third-----	Primary feeder routes
Fourth-----	Secondary feeder routes

It should be noted that with respect to the secondary feeder system, these short local service lines (discussed in Chapter 7) are unlikely candidates for rehabilitation, barring local support from shippers or from communities. Industrial switching tracks, yard tracks and passing tracks will be rehabilitated and/or maintained in accordance with the routes they support.

These programs are described in more detail in the following pages. Because of the different characteristics of equipment as compared with track and other physical facilities, this chapter describes the Association's planning activities and proposed programs separately for each of these essential components.

Physical Facilities

The physical plants of the railroads under study were identified and evaluated in the following categories:

- *Track*, consisting of 43,000 track miles, including switches, grade crossings of highways, and rail crossings of other railroad lines. "Track miles" represent the total mileage for all track on the rail-

roads as opposed to "route miles" which reflect miles of right-of-way, regardless of the number of tracks.

- *Yards*, ranging from large classification yards where trains are made up for movement over the road to small industrial yards from which cars are delivered to customers;
- *Signal systems*, including signals governing the movement of trains, grade crossing protection and various detection devices, such as devices which can detect hot journal boxes, excessive height, dragging equipment, etc.;
- *Bridges* of various sizes, types and ages;
- *Tunnels* of various lengths and construction types;
- *Servicing facilities*, such as facilities for the fueling of locomotives;
- *Shops* for repair and overhaul of locomotives, cars, equipment and roadway work equipment;
- *Buildings*, usually inventoried and reported as a component of another facility;
- *Freight terminals*;
- *Marine terminals*;
- *Electric traction*, including overhead wire and third-rail systems;
- *Other electrical*, including substations and transmission facilities, although much of this category was inventoried and reported as a component of other facilities;
- *Communication facilities*, largely inventoried and reported as a part of other facilities; and
- *Data management facilities*, mainly inventoried and reported as a part of other facilities.

Development of realistic rehabilitation estimates required not only this inventory but also an assessment of present condition. No existing study provided a complete inventory and assessment of all of the facilities of all the railroads under study. Further, it was essential that the Association base its planning decisions on independent data. USRA's data-gathering task was completed by several engineering consulting firms with one of the consultants acting as the project's technical direction coordinator to assure uniform sampling, reporting and estimating procedures.

A uniform inventory and assessment procedure was constructed for each facility category, including sampling techniques designed to provide confidence in the data for each facility category. For example, the sampling technique for running track provided detailed specifications for inspections every two track miles—a 2.6 percent sample. These samples were supplemented by interviews with railroad supervisors and an inspection trip over each line.

In addition, USRA staff made onsite inspections, further reviewed and refined the consultants' data and visited representatives of the bankrupt railroads and material suppliers. As anticipated, the study confirmed that past inadequate maintenance has caused deteriora-

tion of a major portion of the bankrupt railroads' track and other facilities. The bankrupt railroads, various consultants and representatives of government, industry and labor had also reported this deterioration.

The Department of Transportation had an evaluation of the Penn Central Transportation Company performed by a team of six chief engineers of solvent Class I railroads. The chief engineers evaluated the condition of the facilities and reviewed existing maintenance and rehabilitation programs. Their report provides the information required to support the program for the use of Section 215 funds as described in Chapter 15. Their facilities evaluation was performed, as was USRA's, during the fall of 1974. The findings of the report support those of USRA, particularly in regard to the immediate need to progress rehabilitation.

The USRA engineering consultants' study also provided the necessary detail for preparing rehabilitation estimates reflecting the cost of restoring the railroads' track, yards, signals, shops and other physical facilities to their previous best level of utility. Using established railroad industry standards, rehabilitation requirements were determined and then identified by standard work units which were developed for all required maintenance functions such as laying new rail, installing ties, repairing structures, renewing signal items, etc.

Standard costs were determined for each such work unit to translate the required maintenance work into dollar amounts. As of August 1974, the engineering consultants estimate that rehabilitation of all the railroads' track and other facilities to their previous best level of utility would cost approximately \$3.8 billion. This estimate assumes no constraints to performing the required rehabilitation work and includes no normal maintenance costs; it merely indicates what it would have cost to rehabilitate all the railroads' existing facilities to their previous best level if the work could have been performed during the third quarter of 1974. A cost summary of anticipated rehabilitation expenditures by facility is shown in Table 1.

Though this estimate was necessary for measuring the magnitude of rehabilitation work required for efficient operation, it assumes "instant" rehabilitation in 1974 dollars without regard to inflation or time and material constraints which, as discussed in the following pages, require that rehabilitation work be carried out over a number of years. The cost estimate developed by USRA staff for elimination of deferred maintenance on all facilities to be included in ConRail is \$9 billion for that work which can be accomplished in the first 10 years. However, the rehabilitation is programed over 14 years, and the cost for the additional 4 years is estimated to be \$300 million. This estimate is based on improving the facilities to accommodate their proposed use and is stated in constant 1973 dollars. The effect of inflation is described in Chapter 14 describing financial analysis of the Preliminary System Plan.

TABLE 1.—Summary of estimated rehabilitation costs¹

Facility	Labor cost	Equipment cost	Commodity cost	Facility total	Salvage credit	Total cost
Trackwork.....	\$870,084,860	\$87,709,671	\$1,770,061,448	\$2,727,855,979	\$439,955,272	\$2,287,850,707
Yards.....	1,364,584	91,120	4,550,355	6,006,059	0	6,006,059
Signals.....	23,429,000	600,510	31,404,972	55,524,482	0	55,524,482
Bridges.....	378,994,657	62,336,292	152,175,935	593,506,884	-1,348,767	592,158,118
Tunnels.....	45,047,027	1,715,420	8,998,952	55,761,399	0	55,761,399
Servicing facilities.....	169,481	19,097	419,101	607,679	0	607,679
Shops.....	536,710	978,161	3,213,422	4,728,293	0	4,728,293
Buildings.....	54,406,880	2,491,493	21,862,553	78,760,926	0	78,760,926
Freight terminals.....	105,295	34,852	188,918	329,065	0	329,065
Marine terminals.....	3,222,359	146,647	5,991,751	9,360,747	-33,575	9,327,172
Electric traction.....	12,046,572	494,398	5,311,948	17,762,918	0	17,762,918
Other electrical.....	3,531,784	81,328	3,217,543	6,830,655	0	6,830,655
Communications.....	25,130,838	1,351,374	18,648,410	45,130,622	0	45,130,622
Total.....	1,418,020,047	157,960,343	2,026,135,308	3,602,115,698	-441,537,614	3,160,778,084
Contingency ²						615,191,000
Grand total.....						3,775,969,084

¹These figures reflect the condition of the Penn Central Transportation Co., the Reading Co., the Central Railroad Co. of New Jersey, the Lehigh Valley Railroad Co., the Lehigh & Hudson River Railroad Co., the Ann Arbor Railroad Co., and the Pennsylvania-Reading Seashore Lines.

²Contingency applied by the technical direction contractor.

Source: Data collected for USRA under inventory and assessment contract.

Note: These figures reflect the cost of rehabilitating the railroad facilities to their estimated previous best level of utility. They were prepared using 3d quarter 1974 dollars and do not consider any constraints to performing the rehabilitation work and do not include any normal maintenance.

To develop programs for performing the necessary work over the required number of years, the study included detailed information describing the required work functions for the rehabilitation of each segment of track and of each facility. A comparison of major deferred work units required for all the railroads studied and for the lines included in ConRail is shown in Table 2. These figures, of course, will be further refined as planning continues toward the formulation of a Final System Plan. Future planning will deal with defined programs and produce refined estimates.

With the inclusion of the Erie Lackawanna Railway and development of the ConRail structure, some changes in the proposed rehabilitation programs may be necessary. The proposed transfer of selected Reading lines to the Chessie System and the proposed trackage rights agreement with the Chessie, D&H and the N&W would reduce rehabilitation costs by approximately \$20 million. An effort to estimate deferred maintenance on the Erie Lackawanna is currently underway.

TABLE 2.—Summary of major deferred work units as of August 1974

	All railroads studied	Proposed consolidated system
Rail (miles):		
New.....	5,624	4,855
Relay.....	4,898	3,485
Total.....	10,522	8,340
Ties (millions):		
Switch ties.....	20,1	20,6
Turnouts.....	236,606	424,000
Road crossing track feet.....	10,093	7,484
	642,000	408,000

Source: Data collected and summarized by engineering consultants to USRA.

Constraints and Assumptions

ConRail's rehabilitation requirements are so vast that availability of manpower, equipment and material must be considered. Various constraints to carrying out a rehabilitation program include:

- Lack of material (rail, ties, ballast, etc.),
- Lack of qualified manpower,
- Availability of new roadway work equipment and the condition of the railroads' existing equipment,
- Availability of rail welding facilities and related equipment,
- Interference of maintenance-of-way work with day-to-day railroad operations and
- Financial constraints.

From information supplied by the railroads and material suppliers, as well as other research, USRA staff prepared assumptions of the extent to which the required equipment, material and trained manpower will become available. These assumptions are summarized in the box and discussed below.

Rail renewal.—Present estimates are that the lines included in the Preliminary System Plan contain almost 8,400 track miles where rail replacement has been deferred. Even with the reduction of lines proposed in this Plan, it is envisioned that rehabilitation will require laying as much as 1,650 track miles (approximately 870 new and 780 second-hand) annually (Figure 1), an effort far beyond present capabilities. Rail laying activities will be constrained by lack of:

- Ability to purchase new rail,
- Facilities to weld rail,
- Welding trains to distribute continuous welded rail and

SUMMARY OF ASSUMPTIONS AND PROGRAMS

Year	USRA programs provide for--	Program projections
1975	12 new tie gangs 1 new rail gang 12 new surfacing gangs 224 special ballast cars 84 tie cars	440 miles of rail available.....27% of need 2,600,000 new ties available.....51% of need
1976	TRAINING PROGRAM ESTABLISHED 8 new tie gangs 660 special ballast hauling cars 80 tie cars	380 miles of rail available.....23% of need 3,500,000 new ties available.....68% of need
1977	ADDITIONAL WELDING LINE 10 new tie gangs 1 new welded rail train 2 new rail gangs 660 special ballast hauling cars 80 tie cars	630 miles of rail available.....35% of need 4,300,000 new ties available.....84% of need
1978	ADDITIONAL WELDING LINE 6 new tie gangs 2 new welded rail trains 2 new rail gangs 556 special ballast hauling cars 56 tie cars	760 miles of rail available.....46% of need 5,000,000 new ties available.....98% of need
1979	MAJOR NEW RAIL WELDING FACILITY NEW RECLAMATION PLANT NEW SIGNAL SHOP 5 new welded rail trains 2 new rail gangs	920 miles of rail available.....56% of need 5,000,000 new ties available.....98% of need
1980	6 new welded rail trains 2 new rail gangs	1,600 miles of rail available.....97% of need 5,100,000 new ties available.....100% of need
1981		1,650 miles of rail available.....100% of need 5,100,000 new ties available.....100% of need

- Equipment and qualified manpower to install new rail.

The availability of new rail is severely limited by the capacity of the nation's four rail mills. Present estimates are that only 210 track miles of new rail will be available in 1975 to the railroads under study, despite an estimated need for 870 miles of new rail during each year of ConRail's rehabilitation program.

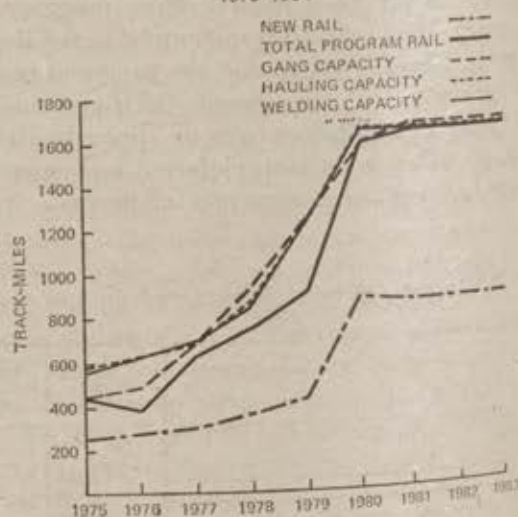
The present decreased demand for steel may free some additional ingot capacity for rail steel, but the limited rolling and straightening capacity of the mills makes the exact amount uncertain. Although USRA's proposed programs do assume some increase in the availability of rail between 1976 and 1979, a new rolling mill will be required to fully alleviate the problem.

After 1980, the supply of rail should no longer limit the proposed program, if a new rail mill or improvements to an existing facility will be operational by that time.

Because of fluctuating orders over the last several decades by the rail industry, the steel industry has been unable to justify extensive investments in new rail-making facilities. Discussions between USRA and steel company officials have developed an indication of will-

FIGURE 1

PROJECTED RAIL RENEWAL
PROGRAM REQUIREMENTS
1975-1984



SOURCE: USRA STAFF ANALYSIS

ingness on the part of the steel companies to consider increases in capacity in order to meet the ConRail rehabilitation needs. To assure the availability of this

capacity, ConRail may need to enter into a long-term financial commitment with the industry.

Increased availability of useable second-hand rail and switch material will result from stepped-up renewal programs, and it is crucial that rail and other material from abandonments be available for use elsewhere. To accommodate the anticipated need for useable second-hand material, the programs proposed by USRA provide for a new reclamation² facility and a System Signal Shop³ to be operational by 1979.

USRA's proposed program also is constrained by the 350-track mile capacity of the railroads' three existing rail welding facilities. Plans provide for two additional portable welding plants, one at Lucknow, Pa., in 1977 and one at Columbus, Ohio, in 1978. Plans further provide for a major new rail welding facility by 1979 to achieve the capability for welding the 1,650 track miles per year that will be required for rehabilitation.

Rail welding also requires the ability to transport continuous welded rail, and the railroads' existing seven welded rail trains can transport approximately 580 track miles annually. The proposed programs provide for one new rail welding train in 1975, which is included in the Section 215 program, one in 1977, two in 1978, five in 1979 (coincident with the proposed new rail welding plant) and six in 1980.

Even with provisions for a new rail mill, a new rail welding plant and 14 new rail welding trains, USRA's program may also be constrained initially by the availability of trained labor and supervision to carry out the job and to assure maximum production for dollars spent. Though present indications are that manpower will be available, training programs for both existing and new employees will become an essential part of ConRail's overall rehabilitation and maintenance programs to assure the required labor.

Realizing the investment in training, plans further provide for a more stable working force so that trained employees are not lost because of seasonal furloughs. Temporary employees will, of course, still be required for peak seasonal demands. As sufficient trained manpower becomes available, one new rail gang will be added in 1975, and two each year from 1977 through 1980. With improved training, supervision and scheduling of work activities, the programs also propose to achieve a 50 percent increase in rail laying productivity over a number of years, from 80 to 120 track miles per annum per gang.

Crosstie replacement.—The 28,000 track miles selected for inclusion in the Preliminary System Plan require 2.4 million new ties annually to prevent further deteri-

oration. An additional 2.7 million new ties are needed during each year of the rehabilitation program to counteract the inadequate tie renewals of the past. Compared with the present annual renewal rate of 2 million, the consolidated system must be prepared to insert 5.1 million new ties each year. The three constraints to a tie renewal program are:

- Ability to purchase the ties,
- Availability of roadway work equipment and trained manpower to install the ties, and
- Availability of proper equipment to transport the ties to the work location efficiently.

Decreased demands upon the lumber industry have improved the availability of ties, and the tie industry has indicated that, with sufficient advance commitments, ties will be available. Initially there will be some production problems, especially in providing sufficient treating capacity, but these problems should not constrain tie supplies beyond 1980. Estimates are that 65 percent of the ties required will be available in 1976, 80 percent in 1977, 93 percent in 1978 and 1979 and 97 percent in 1980.

The railroads under study now have 35 tie gangs which, if properly staffed and equipped, can insert approximately 2.1 million new ties annually assuming present levels of productivity. USRA's planning provides for the acquisition of 36 new tie gangs over a 4-year period commencing at the end of 1975, 12 of which are included in the Section 215 program. A very high level of training and supervision will be required to maintain present production levels and also progressively to increase each gang's productivity 10 percent to approximately 71,000 ties per year.

Revisions of existing procedures as well as new procedures will assure optimum production for the time and money committed to these maintenance activities. For example, on some lines, particularly where there is heavy traffic, it may be desirable to work two gangs in the same general area to assure maximum production during the time the track is removed from service and available for maintenance. Proposed tie renewal activities are summarized in Figure 2.

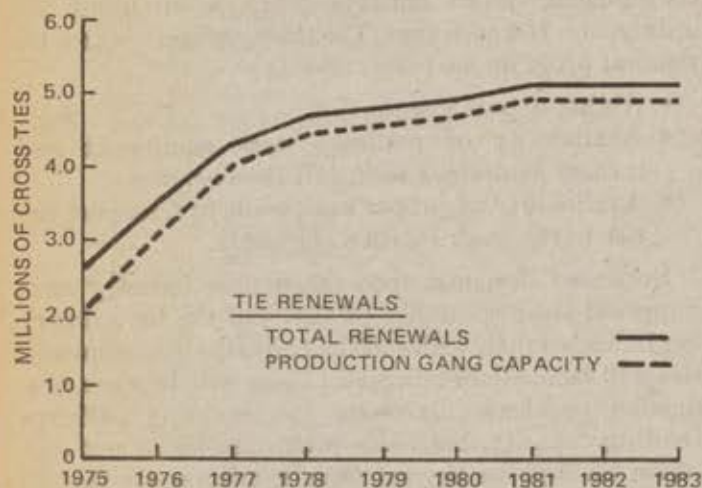
Ballast and track surfacing.—Track surfacing involves the distribution and compacting of ballast under the ties to correct the track's profile and the cross level relationship of one rail to the other. This activity is closely related to rail and tie renewals. Twelve additional surfacing gangs are planned in 1975 and included in the Section 215 program.

In addition to replacement of obsolete units, these gangs should fulfill the requirements for the consolidated system. Training programs, especially for machine operators and repairmen, should alleviate any manpower problems and, with proper training and supervision, it should be possible to increase annual sur-

² Such a facility reclaims and rebuilds rail material, such as frogs, switch points, joint bars, spikes, bolts, etc., made available from renewals and track retirements for use elsewhere.

³ Similar to a reclamation facility, a signal repair shop repairs and rebuilds signal components such as relays, code equipment, electronic equipment, switch machines, signals, and automatic highway crossing equipment.

FIGURE 2
PROJECTED RENEWAL OF TIES
1975-1984



SOURCE: USRA STAFF ANALYSIS

facing capacity from the present 6,200 track miles to 7,100 track miles.

One possible constraint could be the availability of equipment to haul and distribute ballast. USRA's planning provides for acquisition of 2,100 special ballast hauling cars, 224 of which are included in the Section 215 program, to be delivered over a 4-year period commencing in 1976. Without this, it would be necessary to rely on less efficient, regular hopper cars, since this would remove as many as 3,500 such cars from regular revenue service.

Signals and communications.—The railroads under study include more than 14,000 miles of track where train movements are governed by signals, more than 1,300 automatically controlled interlocking plants,⁴ more than 20 classification yards where remote control switches and car retarders⁵ are used for sorting cars, over 8,000 highway grade crossings with automatic protection, various communication facilities including pole lines and radios and a variety of special protective devices which warn train crews of such dangers as hot journal boxes, dragging equipment, rock slides, etc. Inadequate maintenance and deferral of renewals has had an adverse effect on these facilities, and their maintenance and rehabilitation is included in USRA's proposed programs.

It is estimated that correcting deferred maintenance on all the railroads' existing communications and signal facilities would have cost \$100 million if all the necessary work requirements could have been completed

during 1974. (This amount is included in the previously mentioned \$3.8 billion figure for total rehabilitation.) Work functions in this area include renewal of batteries, signal cable, and the signals themselves, replacement of obsolete interlocking plants, repairs to pole lines and renewal and repair of radios and other communication facilities. These activities initially will be constrained by:

- Lack of trained manpower and supervision to complete the necessary work activities,
- Availability of parts and other material,
- Engineering design lead time for modernization of signals and interlockings and
- Long lead times for delivery of parts and material. Much of this material must be specially manufactured for a particular project.

Given proper provisions for training, the additional manpower requirements will not present a significant problem. The key factor will be advance programming of projects, particularly those such as centralized traffic control installations,⁶ for which equipment must be specially designed and manufactured.

Bridges and buildings.—The railroads studied include over 30,000 bridges of various age, design and construction, ranging from small spans and culverts to major facilities such as the Hell Gate Bridge in New York City. The railroads' buildings encompass everything from large stations to wayside shanties.

Traditionally, the railroad industry has considered bridges and buildings as one category for maintenance purposes, with manpower historically classified as the B&B (Bridges and Building) force. It is estimated that correcting deferred maintenance on this portion of all the railroads' existing facilities would have cost approximately \$727 million if all the work could have been completed in 1974. This amount is included in the previously mentioned total rehabilitation figure.

B&B maintenance activities include building repairs, renewal of bridge timber and steel and bridge cleaning and painting. The proposed program recognizes that lead times for engineering design requirements, the availability of steel and bridge timber, the availability of financing and the availability of construction forces to perform major rehabilitation will constrain reconstruction and rebuilding activities.

Initial efforts in this area will be devoted to safety requirements. However, sufficient labor and material is available for long-neglected cleaning and painting activities. Recognizing the condition of many bridges and buildings, the proposed program initially provides for substantial intermediate repairs.

⁴ An interlocking is a switch or group of switches inter-connected and signal controlled to allow the passage of trains from one track to another in proper sequence.

⁵ Car retarders are found in hump yards where cars moving by gravity down the hump are switched to a selected track. The car retarders slow the movement of the freight car to assure proper speed for coupling.

⁶ Centralized traffic control installations provide for remote controlling of many interlocking plants under the control of one man and providing signals so that trains can run in either direction on a track with movement governed by signal indication. These installations usually increase track use and often allow for retirement of one track in multi-track territory.

Maintenance and Rehabilitation Programs

USRA's identification of track and other physical facilities, assessment of the facilities' condition, identification of ConRail's proposed use of these facilities, identification of constraints to performing rehabilitation, and assumptions as to the extent to which these constraints can be overcome provided the basis for the development of ConRail's long-term normal maintenance and rehabilitation programs. These in turn provide the basis for the maintenance cost estimates reflected in the pro forma statements in Chapter 14. The number of employees necessary for these programs is shown in Figure 3.

Normal maintenance.—The proposed normal maintenance programs are based on:

- Determination of the size of the system,
- Estimates of how long the track material (rail, ties, etc.) will last,
- Development of a cycle, based on system size and the materials' life expectancy, leading to
- Geographically specific programs for necessary rail and tie replacement, track surfacing, track inspections, weed and brush control and other activities to assure adequate maintenance.

Normal maintenance programs for facilities other than track are based on similar criteria that recognize the life of materials, service requirements, etc.

Rehabilitation.—This is work required to "catch up" on deferred maintenance to restore a line to a desired level of operation where normal maintenance cycles have not been followed in the past.

Interim maintenance.—Rehabilitation work throughout the system must be spread out over a number of years. Interim maintenance provides for expedient work on those lines to be retained in the Final System Plan to sustain operations until rehabilitation can be completed.

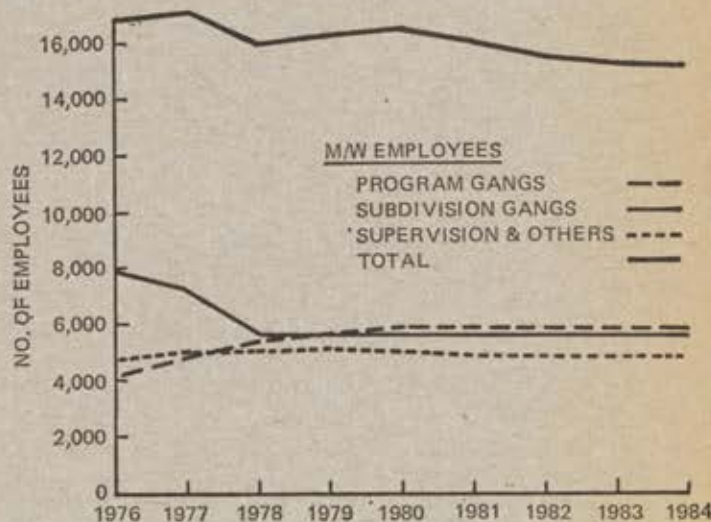
Holding actions.—This portion of the program is somewhat similar to interim maintenance and provides for maintaining the status quo on those lines not selected for inclusion in the Final System Plan until arrangements have been completed for their continued operation or disposition.

Work of this nature is the least productive for the resources required. Further, resources committed to holding actions are not available for the crucially-important rehabilitation activities on those main lines selected for inclusion in the Final System Plan, where an improved physical plant will contribute to less costly day-to-day operation of trains.

Basic force.—The operation of the railroad requires a basic maintenance force at the local level to handle emergencies, to inspect facilities for unsafe conditions and to handle various work requirements which are impractical to perform with larger production gangs. At present these forces are spread severely thin throughout

FIGURE 3

PROJECTED MAINTENANCE OF WAY EMPLOYEE REQUIREMENTS 1975-1984



SOURCE: USRA STAFF ANALYSIS

the railroad, and the proposed program provides for their increase.

Rehabilitation Strategy and Priorities

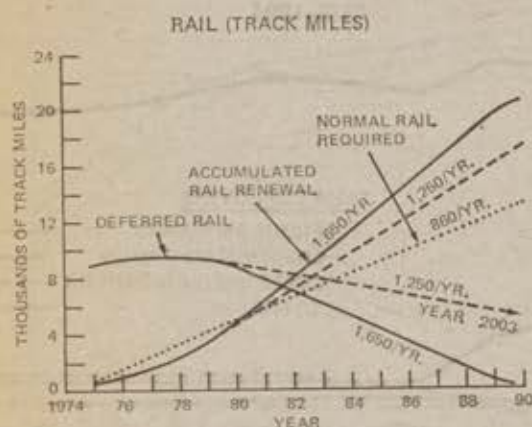
Long-range programs require annual review in light of changing circumstances and available technology, and the Association's rehabilitation strategy recognizes that, in light of future revisions, elimination of deferred maintenance may not be accomplished by 1989 as envisioned in the rail and tie programs set forth in Figures 1 and 2. Further, the strategy recognizes that this level of maintenance may never be fully achieved.

Future maintenance decisions will be based on different requirements after the plant has been rehabilitated. Re-assessment of the program, when appropriate, might provide for revision in the rates of renewal for rail and ties. As mentioned earlier, however, this point will not be reached during the early years of ConRail's operation.

The relationship of reduced rates of renewal and their effect on the number of years presently deemed necessary to complete rehabilitation is shown in Figures 4 and 5. For example, an annual reduction of 750,000 ties and 400 miles of new rail from presently projected renewal rates would result in an annual reduction in maintenance expenditures of \$65 million in 1974 dollars, but it would extend the program beyond the year 2000. It should be further noted that downward revisions of renewal rates in the past are one of the major reasons why the railroads' physical plant has so much deferred maintenance today.

FIGURE 4

RAIL REHABILITATION STRATEGY



The line marked "Normal Rail Required" indicates the miles of new rail required each year to prevent further accumulation of worn-out rail. The lines marked "Accumulated Rail Renewal" and "Deferred Rail" show the relationship of various annual rates of rail renewals on the eventual elimination of deferred rail. For example, if 1,650 miles of new rail are laid each year, the normal rail renewal rate of 1,860 miles per year will be sufficient after 1990. Conversely, if only 1,250 miles of new rail are laid each year, a normal rail renewal posture will not be achieved until 2003.

Whatever rate of renewals is determined desirable, priorities must be assigned to determine where work is completed first. As mentioned earlier, first priority will be given to those facilities retained in the Final System Plan which presently meet only minimal safety standards.

After satisfaction of those requirements, priority will be given to those areas which produce maximum improvement in efficiency. Considerations will be based on achieving lower train operating costs, better customer service, improved equipment utilization, decreased derailments, and decreased interim maintenance costs. As the program progresses and as initial priorities are satisfied, programs for increasing efficiency will form a larger percentage of the total work performed.

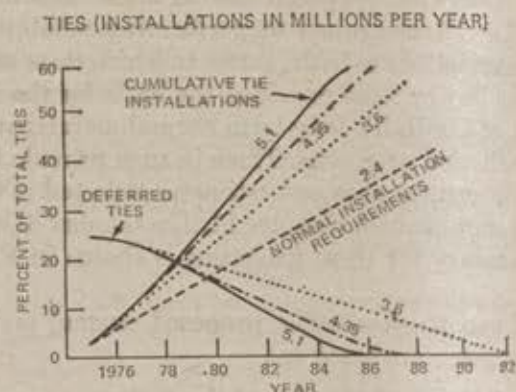
Capital Program

A capital program has been developed that will provide for reduced maintenance and operating expenses as well as track connections and other new facilities required to implement the Plan. A capital program is required to modernize the existing plant, particularly in those areas where improved operational efficiency will yield a desirable return on investment. Examples of such projects include:

- Modern signal systems,
- Shop, servicing and marine loading and unloading facilities,
- Track connections and facilities to handle new business,

FIGURE 5

TIE REHABILITATION STRATEGY



The line marked "Normal Requirements" indicates the rate of tie replacement required to prevent further accumulation of deferred (defective) ties. The lines marked "Cumulative Tie Installations" and "Deferred Ties" show the relationship of various annual rates of tie renewals on the eventual elimination of deferred ties. For example, if 5.1 million ties are installed each year, the normal tie renewal rate of 2.4 million will be sufficient after 1986. Conversely, if only 3.6 million ties are renewed each year, a normal tie renewal posture is not achieved until 1992.

- Terminal improvements,
- Electronic scales,
- Rail highway cranes—wreck, etc.,
- Soil stabilization,
- Bridges,
- Tunnels, and
- Acquisition of maintenance of way equipment.

Initial efforts in this area will primarily be devoted to signal projects such as centralized traffic control installations, which not only produce long-range savings but also often allow for the retirement of one track in multi-track territory, thereby freeing badly needed track material for use elsewhere in the consolidated system.

Equipment and Related Facilities

USRA is dealing with the nation's potentially largest railroad fleet, consisting of 4,500 locomotives, 175,000 cars, a mechanical department force of 22,000, consisting mostly of craftsmen, and 60 repair points for both locomotives and cars. The proposed ConRail fleet would be equaled only by the combined fleets of the Burlington Northern and the Southern Pacific.

The major difference, however, is that the combined Burlington Northern and Southern Pacific freight car fleets have a bad order ratio⁷ of 5.3 percent in contrast to ConRail's 10.7 percent ratio prior to proposed rehabilitation and acquisition plans.

⁷ The ratio of total number of cars owned to those awaiting repair or disposition, expressed as a percentage.

To determine ConRail's optimal fleet size and programs to acquire, maintain and assure the fleet's quality, planning activities included:

- Establishing an inventory of existing equipment for both locomotives, cars and related support facilities,
- Assessing condition of this equipment and
- Developing a 10-year plan for maintenance and acquisition of locomotives and cars as well as provisions for their necessary support facilities (such

as shops, servicing facilities, spot repair tracks, etc.).

Locomotives

Locomotive inventories were compiled from the various railroads' records which identify the locomotives by service designation (road freight, road passenger, road switchers, yard switchers), manufacturer, builder's model designation, average age, status of ownership and present condition (Table 3).

TABLE 3.—Summary of locomotives owned, leased, and under trust and conditional sales agreements

Type of locomotive and builder	Builder model	Wheel arrangement	Number of units			Leased	Trust	C.S.A.	Owned
			A	B	Total				
PENN CENTRAL									
Diesel road freight:									
EMD.....	F8; F7	B-B	100	11	111				111
EMD.....	FP7	B-B	19	2	21				21
EMD.....	GP9	B-B		40	40	30		10	
EMD.....	GP20	B-B	13		13		13		
EMD.....	GP30	B-B	62		62			52	10
EMD.....	GP35	B-B	147		147	64	23	58	2
EMD.....	SD35	C-C	40		40	40			
EMD.....	GP40	B-B	273		273	253	5	15	
EMD.....	SD40	C-C	110		110	45	57	8	
EMD.....	SD45	C-C	135		135	70		65	
Subtotal.....			899	53	952	502	98	208	144
Alco.....	RS32	B-B	24		24		14		10
Alco.....	RS27	B-B	15		15			15	
Alco.....	C424	B-B	1		1				1
Alco.....	C425	B-B	41		41	15	10	16	
Alco.....	C628	C-C	15		15	10	5		
Alco.....	C430	B-B	10		10	10			
Alco.....	C630	C-C	15		15			15	
Alco.....	C636	C-C	15		15	15			
Subtotal.....			136		136	50	29	46	11
G.E.....	U23B	B-B	77		77	77			
G.E.....	U25B	B-B	152		152	40	45	56	11
G.E.....	U25C	C-C	20		20	10	10		
G.E.....	U28B	B-B	2		2		2		
G.E.....	U28C	C-C	15		15			15	
G.E.....	U30B	B-B	60		60	40	20		
G.E.....	U30C	C-C	5		5			5	
G.E.....	U33B	B-B	81		81	81			
G.E.....	U33C	C-C	24		24	24			
Subtotal.....			436		436	272	77	76	11
Total diesel road freight.....			1,471	53	1,524	824	204	330	166
Diesel road switcher (1,500 hp and over):									
EMD.....	GP7	B-B			237	75		35	127
EMD.....	SD7	C-C			2				2
EMD.....	GP9	B-B			453	84		40	329
EMD.....	SD9	C-C			25	25			
EMD.....	GP38	B-B			491	479		12	
EMD.....	SD38	C-C			35	35			
Subtotal.....					1,243	698		87	458
Alco.....	RS3	B-B			116				116
Alco.....	RSD4	C-C			5				5
Alco.....	RS11	B-B			53	13			40
Alco.....	RSD12	C-C			25	25			
Alco.....	RS11 (Mod.)	B-B			6	6			
Alco.....	RSD15	C-C			5				5
Subtotal.....					210	44			166
G.E.....	U23C	C-C			19	19			
Total diesel road switcher.....					1,472	761		87	624

TABLE 3.—Summary of locomotives owned, leased, and under trust and conditional sales agreements—Continued

Type of locomotive and builder	Builder model	Wheel arrangement	Number of units			Leased	Trust	C.S.A.	Owned
			A	B	Total				
PENN CENTRAL--Continued									
Diesel road passenger:									
EMD.....	E7a.....	A1A-A1A.....	.....	.....	6.....	.....	.....	.....	.....
EMD.....	E8a.....	A1A-A1A.....	.....	.....	35.....	.....	.....	.....	.....
EMD.....	FL9.....	B-A1A.....	.....	.....	30.....	.....	.....	.....	.....
EMD.....	FL9.....	B-A1A.....	.....	.....	30.....	.....	30.....	.....	.....
Total diesel road passengers.....					101.....	.....	30.....	.....	.....
*Diesel yard switcher (under 1,500 hp):									
EMD.....	SW1.....	B-B.....	.....	.....	142.....	.....	.....	.....	.....
EMD.....	SW8.....	B-B.....	.....	.....	28.....	.....	.....	.....	.....
EMD.....	SW900.....	B-B.....	.....	.....	16.....	.....	.....	.....	.....
EMD.....	NW2.....	B-B.....	.....	.....	58.....	.....	.....	.....	.....
EMD.....	SW7; SW9; SW1200.....	B-B.....	.....	.....	296.....	55.....	.....	25.....	.....
EMD.....	SW1500.....	B-B.....	.....	.....	89.....	89.....	.....	.....	.....
Subtotal.....					629.....	144.....	.....	25.....	.....
Baldwin.....	S6.....	B-B.....	.....	.....	7.....	.....	.....	.....	.....
Baldwin.....	S10.....	B-B.....	.....	.....	18.....	.....	.....	.....	.....
Baldwin.....	RS10.....	B-B.....	.....	.....	4.....	.....	.....	.....	.....
Baldwin.....	S12.....	B-B.....	.....	.....	23.....	.....	.....	.....	.....
Baldwin.....	RS12.....	B-B.....	.....	.....	1.....	.....	.....	.....	.....
Baldwin.....	.....	B-B.....	.....	.....	1.....	.....	.....	.....	.....
Subtotal.....					54.....	.....	.....	.....	.....
Alco.....	S1; S3.....	B-B.....	.....	.....	19.....	.....	.....	.....	.....
Alco.....	S2; S4.....	B-B.....	.....	.....	91.....	.....	.....	.....	.....
Alco.....	T6.....	B-B.....	.....	.....	6.....	6.....	.....	.....	.....
Alco.....	RS1.....	B-B.....	.....	.....	16.....	.....	.....	.....	.....
Alco.....	RS3.....	B-B.....	.....	.....	8.....	.....	.....	.....	.....
Subtotal.....					140.....	6.....	.....	.....	.....
G.E.....	44 ton.....	B-B.....	.....	.....	1.....	.....	.....	.....	.....
Total diesel yard switcher.....					824.....	150.....	.....	25.....	.....
Summary of diesel electric locomotives:									
Road passenger.....	.....	.....	.....	.....	101.....	.....	30.....	.....	.....
Road freight.....	.....	.....	.....	.....	1,524.....	824.....	204.....	330.....	.....
Road switcher type--1,500 hp and over.....	.....	.....	.....	.....	1,472.....	761.....	.....	87.....	.....
Yard switcher type--1,500 hp and under.....	.....	.....	.....	.....	824.....	150.....	.....	25.....	.....
Grand total.....					3,921.....	1,735.....	234.....	442.....	.....
Penn Central: PRR/GE/WE									
Electric locomotive: ALCO/GE.....	G61.....	2-C+C-2.....	.....	.....	41.....	.....	.....	.....	.....
Road passenger: ALCO/GE.....	P2b.....	2-C+C-2.....	.....	.....	5.....	.....	.....	.....	.....
G.E.....	T3b.....	B-B+B-B-B.....	.....	.....	1.....	.....	.....	.....	.....
G.E.....	E40.....	C-C.....	.....	.....	6.....	.....	.....	.....	.....
Subtotals.....					53.....	.....	.....	.....	.....
Road freight:									
G.E.....	E44.....	C-C.....	.....	.....	44.....	44.....	.....	.....	.....
G.E.....	E44a.....	C-C.....	.....	.....	22.....	22.....	.....	.....	.....
PRR/GE/WE.....	G61.....	2-C+C-2.....	.....	.....	37.....	.....	.....	.....	.....
G.E.....	E33.....	C-C.....	.....	.....	10.....	.....	.....	.....	.....
Subtotal.....					113.....	66.....	.....	.....	.....
Switching:									
PRR.....	B1.....	C.....	.....	.....	1.....	.....	.....	.....	.....
Alco.....	S2.....	2-D-2.....	.....	.....	7.....	.....	.....	.....	.....
Subtotal.....					8.....	.....	.....	.....	.....
Total electric locomotive.....					174.....	66.....	.....	.....	.....

TABLE 3.—Summary of locomotives owned, leased, and under trust and conditional sales agreements—Continued

Type of locomotive and builder	Builder model	Wheel arrangement	Number of units			Leased	Trust	C.S.A.	Owned
			A	B	Total				
READING COMPANY									
Diesel road switcher-freight:									
EMD.....	GP7.....		41		41				41
EMD.....	GP30.....		20		20			20	
EMD.....	GP35.....		37		37				37
EMD.....	GP40-2.....		5		5	5			
EMD.....	SD45.....		5		5	5			
Subtotal.....			108		108	10		20	78
Also.....	C424.....		10		10				10
Also.....	C430.....		2		2	2			
Also.....	C630.....		12		12	12			
Subtotal.....			24		24	14			10
G.E.....	U30-C.....		5		5	5			
Total road freight.....			137		137	29		20	88
Diesel road passenger: EMD.....									
Diesel yard switcher:									
EMD.....	FP-7A.....		3		3				3
EMD.....	OE-5.....		3		3				3
EMD.....	OE-9.....		6		6				6
EMD.....	SW900.....		21		21			10	11
EMD.....	SW1001.....		25		25	25			
EMD.....	SW1200.....		19		19			14	5
EMD.....	SW1500.....		21		21	10		11	
Total yard switcher.....			95		95	35		35	25
Summary of diesel electric locomotives:									
Road switcher and freight.....					137	29		20	88
Diesel road passenger.....					3				3
Yard switcher.....					95	35		35	25
Grand total.....					235	64		55	116
LEHIGH VALLEY RAILROAD									
Diesel road switch (over 1500 hp):									
EMD.....	GP-18.....		6		6				6
EMD.....	GP-38.....		4		4				4
EMD.....	GP-38-2.....		12		12	12			
Subtotal.....			22		22	12			10
Also.....	RS-2.....		4		4				4
Also.....	RS-3.....		6		6				6
Also.....	RS-11.....		6		6	6			
Also.....	C-420.....		12		12	12			
Also.....	C-628.....		17		17				4
Also.....	DL-701.....		4		4				17
Subtotal.....			49		49	18			31
Total road switches.....			71		71				
Diesel yard switch:									
EMD.....	SW1.....		4		4				4
EMD.....	SW6, 7, 8, 9.....		58		58				58
EMD.....	NW2.....		6		6				6
Subtotal.....			68		68				68
Baldwin.....	DS-4-10.....		3		3	1			2
Baldwin.....	DS-4-12.....		7		7	4			3
Subtotal.....			10		10	5			5
Total yard switches.....			78		78	5			73
Summary of diesel electric locomotives:									
Diesel road switches.....					71	30			41
Diesel yard switches.....					78	5			73
Grand total.....					149	35			114

TABLE 3.—Summary of locomotives owned, leased, and under trust and conditional sales agreements—Continued

Type of locomotive and builder	Builder model	Wheel arrangement	Number of units			Leased	Trust	C.S.A.	Owned
			A	B	Total				
CENTRAL OF NEW JERSEY									
Diesel road switch-freight:									
EMD.....	GP7.....		4		4				
EMD.....	SD35.....		12		12			12	
EMD.....	SD40.....		9		9			9	
Subtotal.....			25		25			21	
Alco.....	RS3.....		33		33				
Total road freight.....			58		58			21	
Diesel road switch passengers:									
EMD.....	GP7.....		9		9				
EMD.....	GP40.....		13		13	13			
Subtotal.....			22		22	13			
Diesel yard switch:									
EMD.....	SW600.....		4		4				
EMD.....	SW900.....		15		15				
EMD.....	SW1000.....		2		2				
Subtotal.....			21		21				
Summary of diesel electric locomotives:									
Road switcher-freight.....					58			21	
Road switcher-passenger.....					22	13			
Yard switcher.....					21	21			
Grand total.....					101	34		21	
ANN ARBOR RAILROAD									
Diesel road switch (over 1,500 hp), EMD.....	GP-35.....		10		10				
Diesel yard switch, ALCO.....	S1, S3.....		2		2				
	S2.....		1		1				
	RS1.....		2		2				
Subtotal (yard switch).....			5		5				
LEHIGH AND HUDSON RIVER									
Diesel road switch (over 1,500 hp), ALCO.....	C-420.....		6		6				
CONRAIL SYSTEM									
Summary of diesel electric locomotives:									
Road passenger.....					126	13	30		
Road freight.....					1,524	824	204	330	
Road switcher (over 1,500 hp).....					1,754	820		128	
Yard switcher (under 1,500 hp).....					1,023	211		60	
Total.....					4,427	1,868	234	518	
Summary of electric locomotives:									
Road passenger.....					53				
Road freight.....					113	66			
Switchers.....					8				
Total.....					174	66			
Grand total (ConRail locomotive fleet).....					4,601	1,934	234	518	

As of Apr. 1, 1974.

Source: Railroad Operating Records—10/74.

TABLE 4.—Recommended attrition rate for diesel locomotives

	Passenger	Road freight	Road switch	Yard switch	Total
Penn Central:					
Ownership.....	101	1,524	1,472	824	3,921
Average age.....	18.8	9.7	14.6	22.7	14.6
Potential retirements.....	71	132	166	181	550
Average age.....	20.6	22.9	21.6	24.0	22.5
Fleet reduction (percent).....	70.3	9.4	11.2	21.9	14
Locomotives remaining.....	30	1,392	1,306	643	3,371
Average age.....	14.5	8.1	14.2	20.7	12.9
Reading Company:					
Ownership.....	3	130	-----	102	235
Average age.....	24	8.4	-----	8.0	8.4
Potential retirements.....	3	0	-----	6	9
Average age.....	24	0	-----	28.2	26.8
Fleet reductions (percent).....	100	0	-----	5.9	0.03
Locomotives remaining.....	0	130	-----	96	224
Average age.....	0	8.4	-----	6.7	7.7
Lehigh Valley R.R.:					
Ownership.....	0	17	54	73	144
Average age.....	-----	9.5	12.3	22.6	17.2
Potential retirements.....	-----	0	10	73	8.3
Average age.....	-----	-----	24.3	22.6	22.8
Fleet reduction (percent).....	-----	-----	18.5	100	57.6
Locomotives remaining.....	-----	17	44	-----	61
Average age.....	-----	9.5	10.0	-----	9.8
Central of New Jersey:					
Ownership.....	22	21	37	21	101
Average age.....	14.3	6.7	19.9	25.8	17.1
Potential retirements.....	9	0	37	21	67
Average age.....	21.0	-----	19.9	25.8	21.9
Fleet reduction (percent).....	40.9	-----	100	100	66.3
Locomotives remaining.....	13	21	0	0	34
Average age.....	6.0	6.7	-----	-----	6.4
Ann Arbor Railroad:					
Ownership.....	0	0	10	5	15
Average age.....	0	0	10.0	24.0	14.7
Potential retirements.....	0	0	0	5	5
Average age.....	0	0	-----	24.0	24
Fleet reduction (percent).....	0	0	-----	100	33.3
Locomotives remaining.....	0	0	10	0	10
Average age.....	0	0	10.0	-----	10.0
Lehigh & Hudson River:					
Ownership.....	0	0	6	0	6
Average age.....	0	0	8.5	0	8.5
Potential retirements.....	0	0	0	0	0
Average age.....	0	0	-----	0	-----
Fleet reduction (percent).....	0	0	0	0	-----
Locomotives remaining.....	0	0	6	0	6
Average age.....	0	0	8.5	0	8.5
Total:					
Ownership.....	126	1,692	1,579	1,025	4,422
Average age.....	17.9	9.6	14.6	21.4	14.4
Potential retirements.....	83	132	213	280	714
Average age.....	20.7	22.9	21.4	23.9	22.5
Fleet reduction.....	65.9	7.8	13.5	27.9	16.2
Locomotives remaining.....	43	1,560	1,366	704	3,708
Average age.....	11.9	8.2	14.0	19.1	12.5
Total road service:					
Ownership.....	-----	3,271	-----	-----	-----
Average age.....	-----	12.0	-----	-----	-----
Potential retirements.....	-----	345	-----	-----	-----
Average age.....	-----	21.9	-----	-----	-----
Fleet reduction (percent).....	-----	10.5	-----	-----	-----
Locomotives remaining.....	-----	2,926	-----	-----	-----
Average age.....	-----	10.9	-----	-----	-----

Note: Ownership includes all locomotives owned, leased or obtained by C.S.A. Locomotives currently operating as leased or under C.S.A. not considered for retirement.

Fleet condition analyses reflecting the state of repairs were developed, using the railroads' statistical maintenance data, inspections conducted by USRA, engineering consultants' valuation information and USRA staff studies. These data also were used to generate projected retirements from the fleet and the formulation of repair programs to bring the fleet to a status

of normal maintenance procedures (Table 4 and Figure 6).

Requirements for new locomotive acquisitions were projected to offset retirements, to handle anticipated new business and to meet special requirements generated by the planned abandonment of the electric freight locomotive operation, discussed in Chapter 13. Projected new acquisitions (Table 5) were based on savings anticipated from consolidation of the individual fleets of the bankrupt carriers, from gains expected from improved management techniques through use of more extensive, modernized data systems and from benefits realized by rehabilitation of the track facilities.

Adjustments were made to limit acquisitions to a reasonable rate consistent with production schedules of locomotive builders. These adjustments slow the retirement rates of older locomotives, increase the repair program requirements and adversely affect reductions in maintenance costs.

USRA's plans provide for a heavy rebuilding program, at average costs, to repair or replace prime components after recommended and acceptable service periods. Procedures are under study that this necessary maintenance work can be performed with minimal out-of-service time to prevent a build up of bad order locomotives and make the highest possible number of locomotives available to haul trains.

The success of the projected repair program (Table 6) will be essential to a well-maintained and reliable fleet and to prevent further deferred maintenance. It is expected that the existing shop facilities can accommodate the heavy locomotive repair and maintenance program that is projected. No substantial increases in manpower at various shops are anticipated, since the projected number of locomotives to be repaired represents only a modest increase over current production levels.

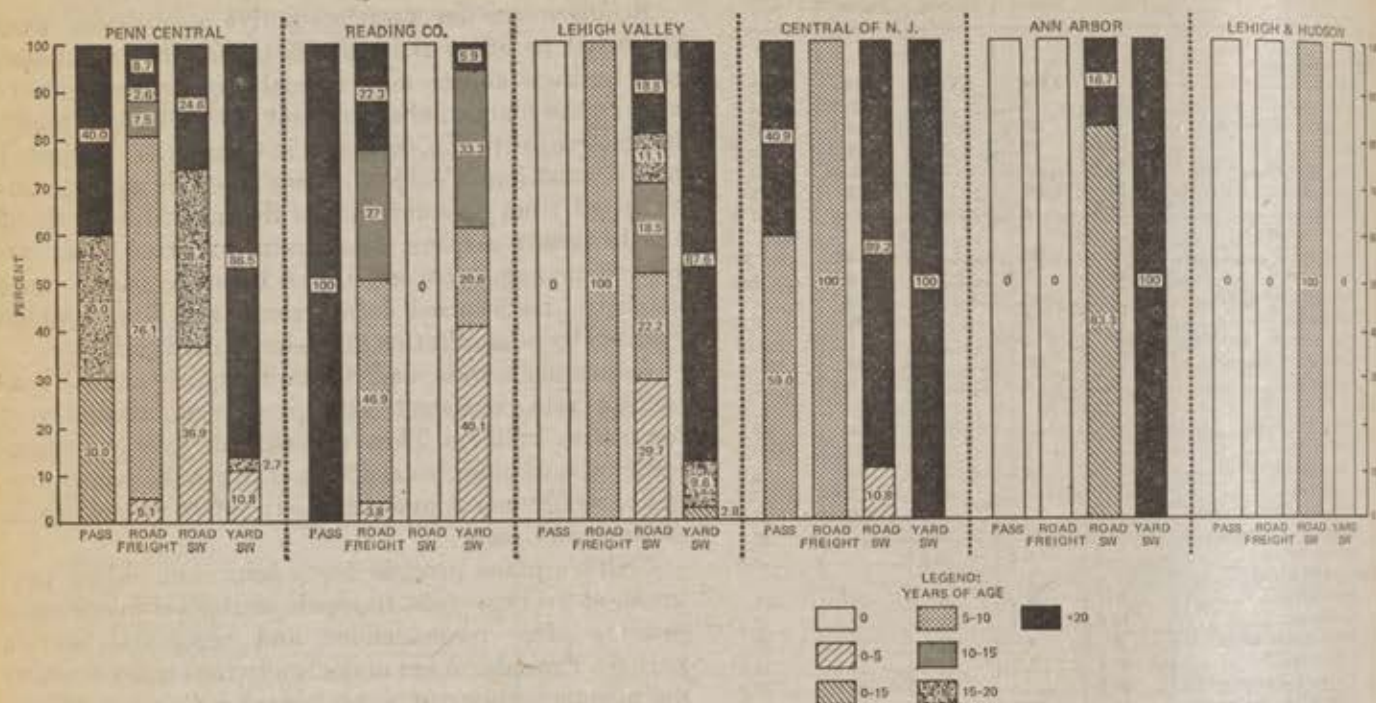
The availability of material necessary for repair programs may require some future adjustments to the plan; however, considering the present condition of the fleet and the current heavy repair programs underway, locomotives can be kept within acceptable bad order guidelines by initiating adequate managerial control to determine selective repair programs using the available material.

Financial constraints also will require careful management decisions concerning selective repair programs. If the consolidated system is to have the dependable locomotives so essential to its long-range economic viability, these programs cannot be constrained by erratic budget allocation.

The projected locomotive acquisition program is essential to prevent the locomotive fleet from deteriorating into functional and technical obsolescence. Without new locomotives, bad order ratios will rise, more expensive repairs to units which would otherwise have been retired will be inevitable and a general deterioration of

FIGURE 4

LOCOMOTIVE FLEET AGE ANALYSIS

TABLE 5.—Projected ConRail locomotive fleet,¹ 1976-85

Road units ²	Increased volume TBS 0.0103	Track rehabilitation	Merger	Other	Fleet	New ⁴ locomotives	Retire	Convert to switch	Net fleet
1975.....	33	(49)			3,271		(16)		1,350
1976.....	33	(101)	(21)		3,255		(22)	(67)	1,368
1977.....	32	(81)	(21)	* (30)57	3,166	74	(29)	(96)	1,318
1978.....	32	(45)		* (51)56	3,115	160	(25)	(158)	1,607
1979.....	32	(75)			3,097	78	(25)	(87)	1,603
1980.....	32	(86)			3,063	6	(32)	(30)	1,617
1981.....	31	(76)			3,017	7	(52)		1,973
1982.....	31	(39)			2,672	41	(52)		2,961
1983.....	31	(39)			2,961	43	(52)		2,962
1984.....	30	(39)			2,952	43	(52)		2,948
1985.....	30	(39)			2,943	43	(52)		1,984
Switcher units	Increased volume TBS 0.0103	Track rehabilitation	Merger	Other	Fleet	New ⁴ locomotives	Retire	Convert to switch	Net fleet
1975.....	11				1,025	11			1,036
1976.....	11	2% (21)	(24)		1,036		(101)	67	1,002
1977.....	10	2% (20)	(24)		1,002		(130)	96	968
1978.....	10	2% (20)			968	13	(176)	153	968
1979.....	10	2% (20)			958		(97)	87	968
1980.....	10				948	49	(50)	20	968
1981.....	10				958	49	(39)		974
1982.....	10				968	49	(39)		968
1983.....	10				978	49	(39)		968
1984.....	10				988	49	(39)		1,008
1985.....	10				998	49	(39)		

¹ Diesels only. ² Year end. ³ 9:10 new:old. ⁴ 1:1 diesel:electric. ⁵ 1:1 new:old.

the fleet will occur as the fleet's age increases and older locomotives become less efficient.

The maintenance and renewal of the present locomotive fleet will not require a substantial increase in

the present level of such expenditures to accommodate ConRail's needs. However, current maintenance procedures will require review and some revision to assure optimum production with available resources. For ex-

TABLE 6.—Major repair schedule for ConRail locomotives

Year	Road locomotives ¹	Switcher locomotives ²
1974.....	817	117
1975.....	792	116
1976.....	760	106
1977.....	726	114
1978.....	757	112
1979.....	779	113
1980.....	770	113
1981.....	757	115
1982.....	761	118
1983.....	765	121

¹ Based on 4-year intervals.² Based on 8-year intervals.

ample, some shops lack sufficient manpower to handle periodic maintenance on the number of locomotives assigned, while other shops are not fully utilized.

Freight Cars

Freight car inventories for the various railroads under study were developed from internal records and reports to the Interstate Commerce Commission. Also, to determine the inventory and condition of the present fleet, field inspections by USRA staff were supplemented by an inventory and assessment study performed by engineering consultants to ascertain financial valuation of freight cars.

The number of revenue freight cars reported to the Interstate Commerce Commission as of December 31, 1973, for each of the railroads under study, is shown in Table 7 by class of equipment and ownership. In summary, the freight car fleet as of December 31, 1973, was as follows:

Railroad	Number of freight cars	Percent of total
Penn Central.....	155,725	89.0
Reading.....	12,586	7.2
Lehigh Valley.....	3,932	2.2
Aim Arbor.....	386	0.2
Central of New Jersey.....	2,514	1.4
Lehigh and Hudson.....	6	—
Total.....	175,149	100.0

Of the total freight cars, the equipment type was as follows:

Type of equipment	Number in inventory	Percent of total
Boxcar.....	60,102	34.3
Gondola.....	38,580	22.0
Open top hopper.....	51,103	29.2
Covered hopper.....	13,163	7.5
Flat.....	6,967	4.0
All other.....	5,234	3.0
Total.....	175,149	100.0

The ownership of freight car equipment by the railroads under study declined from 190,091 cars in 1970 to

175,149 in 1973, as shown in Table 8 and summarized as follows:

Total freight car equipment

Year	Changes during year		Inventory as of Dec. 31
	Additions ¹	Retirements ¹	
1970.....	—	—	190,091
1971.....	9,534	12,658	186,967
1972.....	10,396	14,353	183,010
1973.....	2,953	10,850	175,143
Total.....	23,193	37,861	—

¹ Number of cars.

Note: This summary excludes ownership of Lehigh and Hudson, which accounted for only 6 cars as of Dec. 31, 1973.

As of November 1, 1974, the combined fleet for the railroads had decreased to approximately 170,000 cars. Of this total, more than 18,000 were in bad order condition. The inventory of fleet and cars out of service, by railroad and car type, as of the above date, are shown in Table 9 and summarized as follows:

Type freight car	Total fleet	"Bad order" unserviceable cars	"Bad order" ratio (percent)
Plain box.....	29,400	7,074	24.1
Equipped box.....	29,597	2,966	10.0
Covered hopper.....	13,224	614	4.6
Gondola.....	34,196	2,022	5.9
Open top hopper.....	51,885	4,324	8.3
Flats.....	6,202	728	11.7
TOFC.....	964	270	28.0
M/L flats.....	4,446	178	4.0
Other.....	323	51	15.8
Total fleet.....	170,237	18,227	10.7

This 10.7 percent bad order ratio is unusually high when compared to other Class I railroads. The fleet of the bankrupt carriers studied is approximately 12.5 percent of the total Class I railroad ownership; however, the bankrupt carriers out-of-service fleet accounts for approximately 21 percent of all Class I unserviceable freight cars.

The number of revenue freight cars by age grouping and type for the railroads under study is shown in Figures 7 and 8. For the combined fleet, the average age by type is as follows:

Type freight car	Average age (years)	
	Original date built	Original date built or latest rebuilt date
Box car.....	18	12
Covered hopper.....	15	13
Gondola.....	17	14
Open top hopper.....	17	12
All other.....	12	12
Total fleet.....	17	13

TABLE 7.—Summary of freight cars owned and leased—By railroad (As of Dec. 31, 1973)

Class of Equipment and Designations	Penn Central			Reading			Lehigh Valley			Ann Arbor			Central of New Jersey			Lehigh and Hudson			Total System		
	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total
Box—General service (un-equipped) (all B, L-10, B-10, B-11)	11,173	14,371	25,544	1,106	345	1,451	773	813	1,586	58	—	58	569	40	709	—	—	—	13,824	17,469	31,293
Box—General service (equipped) (A-20, A-30, A-40, A-50, B-40, B-41)	13,822	7,338	21,160	377	880	1,257	—	—	—	66	10	76	—	—	—	—	—	—	13,765	8,228	21,993
Box—Special service (A-60, A-70)	4,935	1,310	6,245	67	—	67	153	19	202	—	—	—	2	—	2	—	—	—	5,187	1,529	6,716
Gondola—General service (all G, except G-1)	14,860	11,426	26,286	2,374	985	3,359	970	284	1,254	—	—	—	72	89	161	—	—	—	20,282	12,807	33,089
Gondola—Special service (G-1, G-2, G-3)	3,766	1,323	5,089	261	133	394	—	—	—	—	—	—	—	—	—	—	—	—	4,027	1,464	5,491
Hopper (open-top)—General service (all H, except H-70)	27,544	18,190	45,734	4,045	540	4,585	60	—	60	—	—	—	52	413	465	—	—	—	31,723	19,163	50,886
Hopper (open-top)—Special service (H-70, J-10, J-20, all K)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Hopper (covered) (L-1)	6,953	3,345	10,298	330	550	880	478	177	655	208	—	208	601	465	1,066	—	—	—	137	89	226
Tank, under 12,000 gal. (T-1, T-2, T-3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tank, 12,000 to 14,999 gal. (T-4)	47	—	47	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47	—	47
Tank, 15,000 to 24,999 gal. (T-5, T-6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tank, 25,000 gal. and up (T-7, T-8, T-9)	1	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	1
Refrigerator (most) mechanical (R-11, R-12)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

See footnotes at end of table.

TABLE 7.—Summary of freight cars owned and leased—By railroad (As of Dec. 31, 1973)—Continued

Class of Equipment and Designations	Penn Central			Reading			Lehigh Valley			Ann Arbor			Central of New Jersey			Lehigh and Hudson			Total System		
	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total	Owned	Leased	Total
Refrigerator (other than meat) mechanical (R-94, R-10).....					13	13													13		13
Refrigerator (meat) nonmechanical (R-40, 98, 99, 14, 15, 17).....																					
Refrigerator (other than meat) nonmechanical (R-40, 95, 13, 16).....				113	96	209	92	5	101												
Stock (all stock).....	3		3													265	105	369			
Automotive (F-5, F-6).....		4,727	4,727													3		3			
Flat—General service (F-4).....	2,798	400	3,198	37		37	49		49				16	73	94			4,727			4,727
Flat—Special service (F-1, 9, 20, 30, 40, L-2, L-3).....	1,531	827	2,358	79		79	3	2	5	4	4							2,900			2,900
Flat—TOFC (F-7, F-8).....	480	701	1,181				5		5				17		17			1,603			1,603
All other (L-0, 1, 4, 080, 090).....	62	70	132				3		3									435			435
Total freight cars.....	89,417	66,308	155,725	8,966	3,620	12,586	2,625	1,307	3,932	372	14	386	1,412	1,102	2,514	2	4	102,794	72,355		175,149
Caboose.....	1,961	211	2,172	133	20	153	97		97	14		14	47		47	6		2,198	231		2,429
Grand total.....	91,378	66,519	157,897	9,099	3,640	12,739	2,722	1,307	4,039	386	14	400	1,459	1,102	2,561	8	4	104,992	72,586		177,578

Note: Summary of equipment:

Type of equipment:	Number	Percent of total
Box car.....	60,102	34.3
Gondola.....	38,580	22.0
Open top hopper.....	51,193	29.2
Covered hopper.....	13,163	7.5
Flat.....	6,987	4.6
All other.....	5,294	3.0
Total.....	175,149	100.0

Source: Form E-1, form R-C as of Dec. 31, 1973.

TABLE 8.—Freight car additions and retirements for railroads under study, 1971-73

Type car and railroad	Inventory Dec. 31, 1970				Inventory Dec. 31, 1971				Inventory Dec. 31, 1972				Inventory Dec. 31, 1973			
	Additions	Retire-ments	Net change (loss)		Additions	Retire-ments	Net change (loss)		Additions	Retire-ments	Net change (loss)		Additions	Retire-ments	Net change (loss)	
Boxcar:																
Penn Central.....	59,751	3,741	(1,926)	57,825	4,393	5,140	(877)	56,948	1,595	3,894	(2,299)	54,649	1,595	3,894	(2,299)	54,649
Reading.....	2,510	376	239	2,749	253	116	137	2,886	1	112	(111)	2,775	1	112	(111)	2,775
Lehigh Valley.....	1,947	75	(75)	1,872	299	517	(218)	1,654	200	61	139	1,793	200	61	139	1,793
Central of New Jersey.....	1,821	32	(26)	1,853	6	533	(533)	1,853	2	333	(331)	1,711	2	333	(331)	1,711
Ann Arbor.....	244	6	244	244	2	65	(63)	181	.....	7	(7)	174	.....	7	(7)	174
Total.....	66,073	4,290	(1,788)	64,285	4,817	6,371	(1,554)	62,731	1,798	4,427	(2,629)	60,102	1,798	4,427	(2,629)	60,102
Covered hopper:																
Penn Central.....	9,483	314	965	10,447	651	555	96	10,543	66	311	(245)	10,298	66	311	(245)	10,298
Reading.....	981	23	(21)	910	3	3	.....	907	.....	7	(7)	900	.....	7	(7)	900
Lehigh Valley.....	808	52	27	930	30	103	(73)	847	17	209	(192)	855	17	209	(192)	855
Central of New Jersey.....	1,191	77	(77)	1,114	35	21	14	1,158	.....	32	(32)	1,096	.....	32	(32)	1,096
Ann Arbor.....	213	1	(1)	212	.....	.....	.....	212	.....	4	(4)	208	.....	4	(4)	208
Total.....	12,710	440	893	13,603	716	682	34	13,637	83	563	(480)	13,157	83	563	(480)	13,157
Open top hopper:																
Penn Central.....	48,608	3,747	(886)	47,922	2,106	2,068	28	47,990	.....	2,224	(2,224)	45,766	.....	2,224	(2,224)	45,766
Reading.....	5,824	174	249	6,073	70	955	(885)	5,188	34	270	(236)	4,942	34	270	(236)	4,942
Lehigh Valley.....	318	54	(54)	262	.....	136	(136)	127	.....	67	(67)	60	.....	67	(67)	60
Central of New Jersey.....	536	122	(122)	414	.....	124	(124)	290	204	29	175	465	204	29	175	465
Ann Arbor.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	55,284	4,097	(613)	54,671	2,176	3,282	(1,106)	53,365	228	2,600	(2,372)	51,093	228	2,600	(2,372)	51,093
Gondola:																
Penn Central.....	37,115	2,990	(1,238)	35,797	1,735	2,306	(581)	35,296	337	2,088	(1,751)	33,455	337	2,088	(1,751)	33,455
Reading.....	3,910	193	(53)	3,857	106	122	(17)	3,888	63	179	(137)	3,751	63	179	(137)	3,751
Lehigh Valley.....	1,708	89	(81)	1,627	.....	551	(361)	1,276	.....	113	(113)	1,163	.....	113	(113)	1,163
Central of New Jersey.....	226	8	.....	234	.....	92	(92)	134	.....	3	(3)	131	.....	3	(3)	131
Ann Arbor.....	167	8	(8)	99	.....	85	(85)	14	.....	14	(14)	.....	.....	14	(14)	.....
Total.....	43,065	3,285	(1,472)	41,593	1,930	2,856	(923)	40,740	400	2,388	(1,988)	38,550	400	2,388	(1,988)	38,550
All other:																
Penn Central.....	12,146	453	(41)	12,107	851	1,046	(185)	11,912	408	703	(325)	11,587	408	703	(325)	11,587
Reading.....	491	92	(92)	399	6	75	(69)	330	19	11	8	338	19	11	8	338
Lehigh Valley.....	250	20	(20)	190	.....	23	(23)	167	.....	6	(6)	161	.....	6	(6)	161
Central of New Jersey.....	108	1	(1)	107	.....	6	(6)	96	17	2	15	111	17	2	15	111
Ann Arbor.....	6	10	10	16	.....	12	(12)	4	.....	.....	.....	4	.....	.....	.....	4
Total.....	12,959	596	(144)	12,814	867	1,162	(305)	12,509	474	782	(308)	12,201	474	782	(308)	12,201
Grand total:																
Boxcar.....	66,073	4,290	(1,788)	64,285	4,817	6,371	(1,554)	62,731	1,798	4,427	(2,629)	60,102	1,798	4,427	(2,629)	60,102
Covered hopper.....	12,710	440	893	13,603	716	682	34	13,637	83	563	(480)	13,157	83	563	(480)	13,157
Open top hopper.....	55,284	4,097	(613)	54,671	2,176	3,282	(1,106)	53,365	228	2,600	(2,372)	51,093	228	2,600	(2,372)	51,093
Gondola.....	43,065	3,285	(1,472)	41,593	1,930	2,856	(923)	40,740	400	2,388	(1,988)	38,550	400	2,388	(1,988)	38,550
All other.....	12,959	596	(144)	12,814	867	1,162	(305)	12,509	474	782	(308)	12,201	474	782	(308)	12,201
Total.....	190,091	12,608	(3,134)	186,957	10,396	14,353	(3,957)	182,603	2,983	10,850	(7,867)	174,743	2,983	10,850	(7,867)	174,743

Source: Railroad's annual report to Interstate Commerce Commission, Form A-1071 and 1072, Form 10-1-1971.
Note: Lehigh and Hudson equipment not included in above (6 cars).

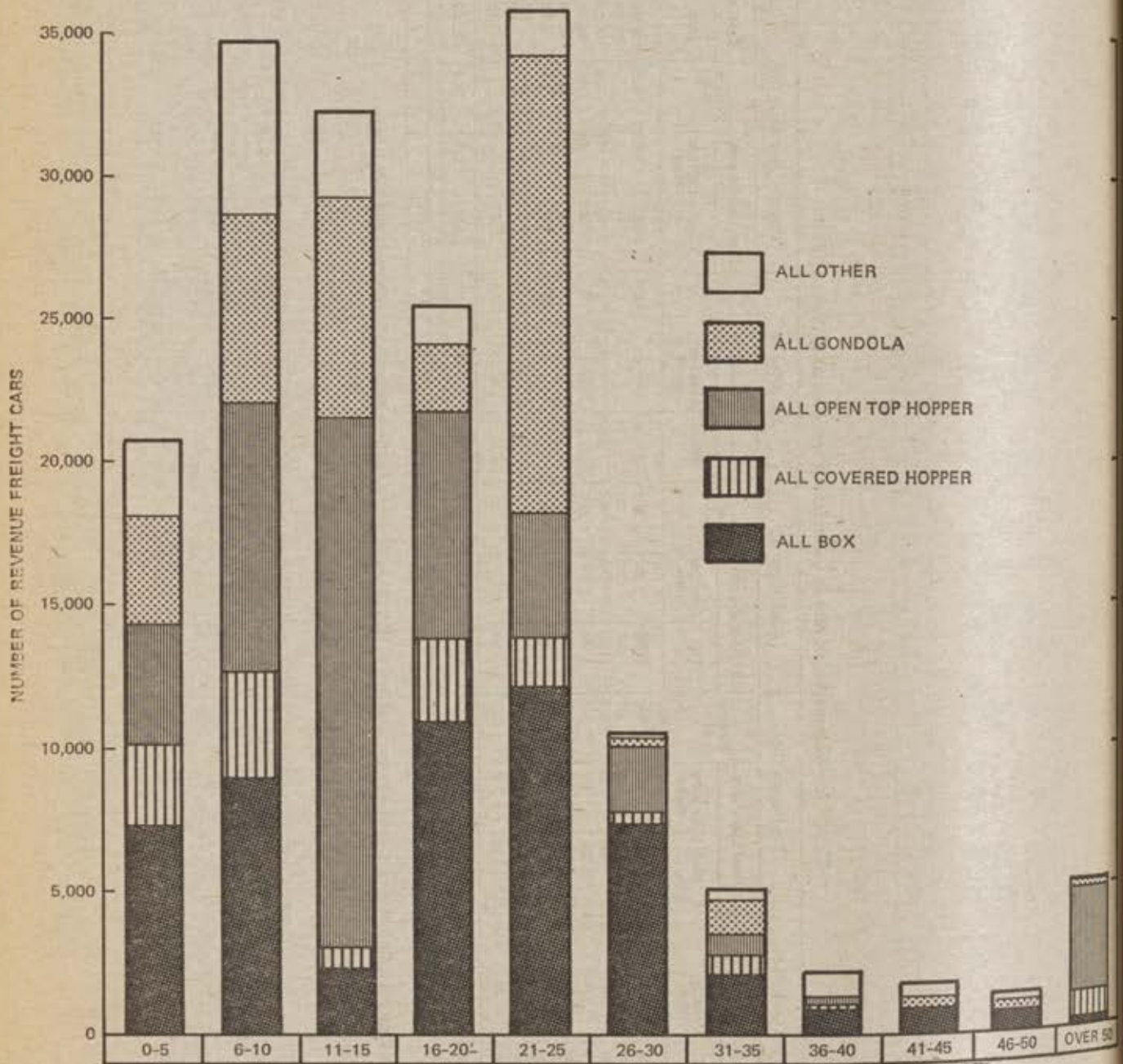
TABLE 9.—Revenue freight cars in unserviceable condition as of Nov. 1, 1974

Type car	Penn Central (A)			Reading Co. (B)			Lehigh Valley (B)			Ann Arbor (B)			Central of New Jersey (B)			Con.Rail system		
	Total freight cars			Total freight cars			Total freight cars			Total freight cars			Total freight cars			Total freight cars		
	Fleet	Awaiting repair	Percent B.O. ¹	Fleet	Awaiting repair	Percent B.O. ¹	Fleet	Awaiting repair	Percent B.O. ¹	Fleet	Awaiting repair	Percent B.O. ¹	Fleet	Awaiting repair	Percent B.O. ¹	Fleet	Awaiting repair	Percent B.O. ¹
Plain box	25,798	6,196	24.1	1,414	134	9.5	1,605	570	35.5	94	62	66.0	439	122	28.6	29,400	7,674	26.1
Equipped box	27,028	7,906	29.3	1,539	22	1.4	290	22	7.5	80	6	7.5	60	—	—	29,597	8,966	30.3
Covered hopper	10,309	463	4.5	900	22	2.4	662	65	9.8	202	6	3.0	1,151	58	5.0	13,224	614	4.6
Gondola	29,089	1,549	5.3	3,729	175	4.7	1,307	292	22.3	—	—	—	130	5	3.8	34,196	2,029	5.9
Open top hopper	46,592	8,969	19.3	4,741	296	6.2	120	14	11.7	—	—	—	432	35	8.1	51,585	4,324	8.3
Flats	5,702	696	12.2	894	15	1.7	68	13	19.1	4	1	25.0	94	2	2.1	6,392	728	11.7
TOFC	364	279	76.6	—	—	—	—	—	—	—	—	—	—	—	—	644	270	41.7
M/L flat	4,496	178	4.0	—	—	—	—	—	—	—	—	—	—	—	—	4,496	178	4.0
Other	284	48	16.9	—	—	—	—	—	—	—	—	—	—	—	—	323	51	15.8
Total fleet	150,603	34,265	22.8	12,685	669	5.3	4,153	676	16.2	380	75	19.7	2,226	242	10.9	170,237	42,277	24.8

¹ Bad ordered.

Source: (A) Penn Central fleet and bad order from Penn Central inventory as of Oct. 28, 1974; (B) Association of American Railroads—CS-60A report as of Nov. 1, 1974.

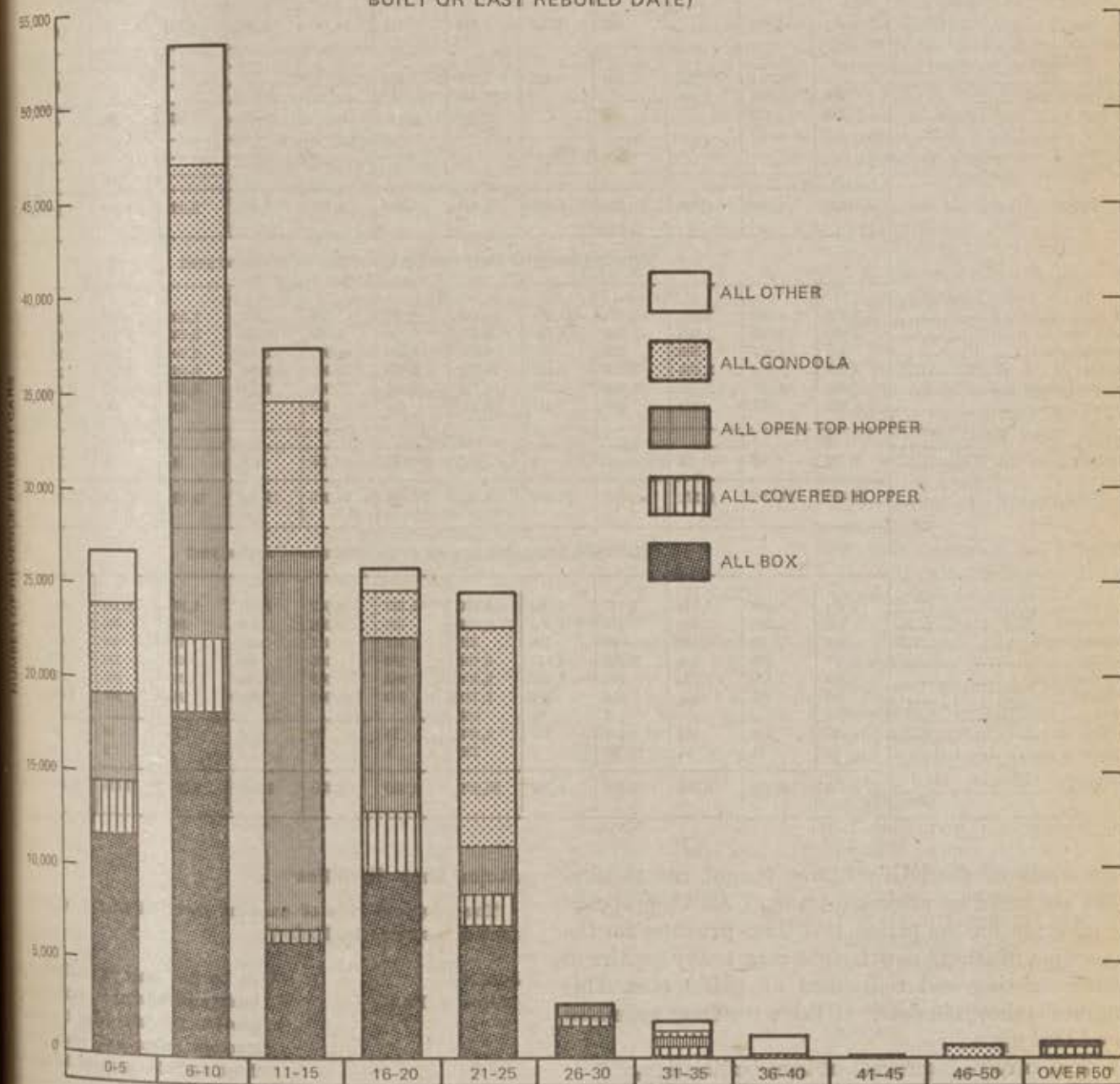
FIGURE 7
 NUMBER OF REVENUE FREIGHT CARS
 RAILROADS UNDER STUDY
 BY TYPE AND AGE (ORIGINAL DATE BUILT)



SOURCE: RAILROAD RECORDS

FIGURE 8

NUMBER OF REVENUE FREIGHT CARS
RAILROADS UNDER STUDY
BY TYPE AND AGE (ORIGINAL DATE
BUILT OR LAST REBUILD DATE)



SOURCE: RAILROAD RECORDS

TABLE 10.—Estimated freight car acquisition, heavy repair, and retirement program for ConRail, 1976-85

Type car	1976	1977	1978	1979	1980	1976-80 period	1981	1982	1983	1984	1985	1981-85 period	1976-80 period
Estimated freight car acquisition program (number of cars per year)													
Plain box.....		1,040		463	1,013	2,516	414	1,197	2,362	2,104	1,727	7,804	20,320
Special box.....													
Covered hopper.....													
Gondola.....		2,114	792	400	455	3,767	1,845					1,945	1,420
Open top hopper.....	456	1,381	1,108			2,945							1,420
Flat car.....	443	171				614				327	300	687	1,320
TOFC.....													
M/L flat.....													
All other.....													
Total.....	899	4,706	1,900	869	1,468	9,842	2,259	1,197	2,362	2,431	2,087	10,330	20,320
Estimated freight car heavy repair program (number of cars per year)													
Plain box.....	3,143	2,572	2,644	1,920	1,401	11,680	750	750	750	1,500	1,500	5,250	11,680
Special box.....	1,935	1,585	1,080	1,341	2,380	8,321	2,500	2,500	4,000	3,000	3,000	15,000	20,320
Covered hopper.....	870	1,011	530	754	930	4,095	1,000	1,200	1,000	2,000	1,000	6,500	10,320
Gondola.....	1,050	2,096	2,226	2,278	2,222	10,772	3,000	2,300	2,300	2,300	2,300	12,200	22,320
Open top hopper.....	3,000	3,000	2,400	3,000	2,700	14,700	3,000	3,500	3,500	3,500	3,000	16,500	20,320
Flat car.....	928	761	366	598	612	3,265	600	300	300	600	600	2,400	4,000
TOFC.....													
M/L flat.....	8	5				13							
All other.....	26	86	25			137	50	25	50	25	25	175	320
Total.....	12,460	11,110	9,271	9,891	10,445	53,183	10,900	10,375	11,900	12,925	11,425	57,725	101,800
Estimated freight car retirement program (number of cars per year)													
Plain box.....	1,601	1,648	1,344	1,777	2,250	8,620	1,977	1,977	1,977	1,977	1,750	9,688	18,320
Special box.....	204	334	349	479	1,269	2,635	586	586	586	586	504	2,994	4,320
Covered hopper.....	68	68	68	68	153	425	417	417	417	417	404	2,072	2,400
Gondola.....	999	928	946	1,353	1,375	5,604	186	186	186	186	179	923	4,320
Open top hopper.....	1,840	1,630	1,770	920	3,154	9,304	265	265	265	265	292	1,332	10,320
Flat car.....	226	306	306	253	282	1,143	302	302	302	302	287	1,495	2,000
TOFC.....	424	2	22	2	85	555							
M/L flat.....	332	415	482	518	226	1,973	16	16	16	16	16	80	1,000
All other.....	31	31	31	26	1	120	1	1	1	1	2	6	20
Total.....	5,725	5,272	5,218	5,396	8,765	30,376	3,750	3,750	3,750	3,750	3,554	18,554	40,320

Forecasts of ConRail's future freight car requirements are based on projected traffic. USRA's proposed car program for the period 1976-1985 provides for the acquisition of 20,178 new freight cars, heavy repairs to 110,908 existing and retirement of 48,930 cars. This program is shown in detail in Table 10. These estimates were based upon:

- A 31 percent improvement in car utilization,
- Projection of future traffic demands,
- Projected fleet attrition due to age, condition, type of equipment and non-anticipated losses to the fleet (such as cars damaged in derailments, fires, etc.), and
- Projected heavy repairs to the existing fleet. The extent to which these repairs are made will depend upon the demand for specific car types, the economic return to be gained considering the remaining life of cars to be repaired, and the availability of enough cars to justify tooling up the rebuild facility for a specific car type.

Major Shop Facilities

The proposed role of existing facilities in the consolidated system is summarized below:

Juniata (Altoona, Pa.)

Will be the heart of ConRail's locomotive maintenance. USRA's plans provide for improving the engine, traction motor and truck rebuild lines, and also envision Juniata for all major rebuilding, plus repairs to collision and fire-damaged units and major modifications. Juniata will require \$4.8 million in capital improvements.

Samuel Rea Shop (Hollidaysburg, Pa.)

Will be ConRail's major freight car repair shop and the major supplier of component car parts for the entire consolidated system. In addition, Samuel Rea will bid on all new cars in competition with car manufacturers. While this facility has enormous potential capabilities, it needs capital improvements of \$18.5 million.

Reading
Locomotive Shop
(Reading, Pa.)

Will be used to supplement Juniata's main component locomotive change-out programs. In addition, a truck rebuild line will be added, plus all major overhauls on switcher locomotives. Capital improvements of approximately \$500,000 are required.

Reading
Car Shop
(Reading, Pa.)

Will supplement Samuel Rea Car Shop, handling all medium repairs plus special car modification programs. Capital improvements of \$950,000 are required.

Sayre
(Sayre, Pa.)

Locomotive and car operations presently performed at Sayre will be reassigned. Of 269 craftsmen, 80 had less than three years' service as of January 2, 1974 and are subject to termination, and 18 men are over 60 years of age and are subject to reduced separation payments. Those remaining will be offered transfer to other locations.

Wilmington
(Wilmington, Del.)

Will continue as the major repair and maintenance point for electric GG-1 locomotives, Metroliner cars and MU (multiple-unit) commuter cars under contract for Amtrak and various regional passenger operating authorities. Freight diesel locomotives presently assigned to Wilmington will be reassigned to Morrisville, Allen Street and Abrams (in the Philadelphia area) for maintenance.

Collinwood
Rock Shop
(E. Cleveland, Ohio)

Will continue in the Plan's early years as the major overhaul point for ALCO and General Electric locomotives and components.

Running Repair Shops

Collinwood
Diesel Shop
(Cleveland, Ohio)

There will be no change in the present operation. Collinwood will continue to do periodic locomotive maintenance plus component change-out work.

Harmon Shop
(Croton-on-Hudson,
N.Y.)

Does not include any freight operations and will not be acquired.

Beacon Park
(Boston, Mass.)

No change anticipated.

Buffalo
(Buffalo, N.Y.)

No change anticipated.

Cedar Hill
(New Haven, Conn.)

Requires a new combination car and locomotive repair shop with capital improvements of \$3.5 million.

Seldirk
(Albany, N.Y.)

Will continue its present operation plus the assignment of additional locomotives. Capital improvements are required at an estimated cost of \$100,000.

DeWitt
(Syracuse, N.Y.)

No change anticipated.

Morrisville
(Morrisville, Pa.)

Will handle additional periodic locomotive inspections, as freight functions are phased out of Wilmington.

E'Port
(Elizabeth, N.J.)

Will be principal locomotive running repair shop for Newark, Waverly, and Oak Island. Needs capital improvements of \$600,000.

Meadows
(Newark, N.J.)

The locomotive facility will be closed with units and manpower transferred to E'Port. The car forces will remain the same.

Oak Island
(Newark, N.J.)

Will be a major terminal yard and will need new servicing facilities. Locomotives will be reassigned to E'Port for maintenance. A new car repair track is required to increase car production at a cost of \$1.5 million.

Reading Car Repair
Track

Will perform all running car repairs in the Reading area.

(Reading, Pa.)
Allen St.
(Philadelphia, Pa.)

Will be the major car repair shop in the Philadelphia area. Capital improvements of \$250,000 are required.

Abrams
(Norristown, Pa.)

Will continue as it is at present. Additional cars can be repaired by adding a second and third track. Will have increased units assigned and will continue to do major component change-outs. Capital improvements of \$200,000 are required.

Enola
(Harrisburg, Pa. area)

Will have increased units assigned and will continue to do major component change-outs.

Harrisburg
(Harrisburg, Pa.)

Is now the major locomotive shop for the Pittsburgh area. However the entire facility is obsolete and inefficient and requires a capital expenditure of \$7 million.

Conway
(Pittsburgh, Pa. area)

Supports the Ashtabula ore and coal piers. A new car repair track is needed with capital expenditure of \$200,000.

Ashtabula
(Ashtabula, Ohio)

Detroit
(Detroit, Mich.)
59th Street
(N. Chicago, Ill.)

Will continue with anticipated downgrade in activity.

Stanley
(Toledo, Ohio area)

There will be no change in present operation. However, new fuel-sand facilities are required plus minor improvements. Capital improvements of \$500,000 are required.

Avon
(Indianapolis, Ind.)

Will handle increased traffic with increased locomotive and car repair activity.

Buckeye
(Columbus, Ohio)
Rutherford
(Rutherford, Pa.)

To accommodate proposed increased activity, the diesel shop will need storage facilities plus a wheel truing machine. Capital improvements are estimated at \$2 million. No change anticipated.

Will be phased out as a locomotive maintenance facility. This work and the necessary manpower will be transferred to Enola and Harrisburg. Facilities will be retained for servicing locomotives. The car repair track at Rutherford is an excellent facility and its force will be expanded.

Marine Facilities

Ashtabula
(Ashtabula, Ohio)

The coal pier at Ashtabula was built in 1968 and is an excellent facility with capabilities of loading 6,000 tons per hour into ships for Great Lakes movement. Depending on the traffic, there is a need for additional capital improvement at a cost of \$3.8 million. The ore unloading facilities at Ashtabula consist of 50-year-old ore unloading bridges requiring replacement at an estimated \$35 million.

Port Richmond
(Philadelphia, Pa.)

This facility has excellent acreage for future marine development. However, it needs very extensive capital expenditure to replace their present coal and ore facilities. Therefore, under present plans, it should be phased out. Personnel will be offered transfers to other locations.

Greenwich
(S. Philadelphia, Pa.)

Greenwich has excellent unloading facilities and should be the key marine facility in the east for ore imports. The coal dumper and pier need capital improvements of \$5.8 million.

Material

During 1973 and 1974, demand for new freight car production was constrained by the supply of forging, casting and wheels. This was caused by insufficient steel allotted to the railroad industry and lack of production capacity of forging and casting manufacturers due to obsolete plants.

New car orders for the industry for 1974 and 1975 numbered about 65,000 each year. In addition, more stringent regulation by the Federal Railroad Admin-

istration has increased the need for wheels and other components. There is a possibility, however, that with the present economic outlook, the steel companies may increase the railroads' supply of steel for car requirements. This would enable ConRail to advance the rehabilitation of car fleets as outlined in this chapter.

Manpower

Certain changes of manpower assignments are anticipated in the restructuring of ConRail shop facilities. Sayre, the major shop of the Lehigh Valley Railroad will not be needed. The 269 employees employed there can be utilized in the system by a transfer to the Reading shops.

The Rutherford locomotive maintenance facility, involving 107 Reading employees, is expected to be abandoned. The work would be transferred to the nearby Harrisburg facilities on the Penn Central.

Workload of some of the smaller facilities over the network will be changed, eventually requiring management decisions to adjust the manpower at these locations. None will be of the magnitude of the adjustments at Sayre or Rutherford. Further, an increase of freight car repairs at Altoona heavy repair shops will require additional employees to support an expanded car repair program. The projected locomotive repair program is expected to require adjustment since Altoona will be the major locomotive repair point for all road locomotives. Any increase, however, may be offset by adjustments resulting from the transfer of work.

A further examination of manpower requirements at the various locomotive and car running maintenance facilities will be necessary. Our preliminary studies indicate that certain facilities are undermanned for the work load involved.

7

Light-Density Lines and Their Impact on Communities¹

Maps of the Northeast and Midwest rail system reveal a proliferation of branch lines, a heritage of the rail industry's early growth. With shifting traffic and widespread truck operations, many of these light-density rail lines became uneconomical, resulting in a large cash drain on the bankrupt carriers.

Although the Regional Rail Reorganization Act of 1973 mandates the creation of a financially self-sufficient and for-profit private corporation, it provides for the maintenance of essential, but unprofitable, branch line services through a program of rail service continuation subsidies.

This chapter discusses the origin of the light-density line problem, the financial ramifications for the ConRail System of continuation of these lines and the potential impact upon shippers and communities if services on these lines were terminated.

The chapter finds that, from an overall regional standpoint, abandonment would not have a serious impact, but that harm could be done to specific communities. It recommends that the subsidy provision provided in Title IV of the Act be used to obviate the direct conflict between the Act's goals of avoiding serious community, labor and environmental impacts and its intent of creating a financially self-sustaining ConRail System.

¹ This chapter also appears as the first part of Chapter 16 in Volume II.

Of all the issues raised since congressional enactment of the Regional Rail Reorganization Act of 1973, none has been the subject of more discussion and debate than the future of the light-density or branch rail lines.

The Department of Transportation report was issued on February 1, 1974. It labeled 15,575 miles of the 61,000 miles of track it studied as potentially excess. Since that time the testimony of the public at the RSPO hearings and the January 10, 1975 RSPO comments on the Association's Annual Report all focused on the light-density line issue. What is the problem, and what are its dimensions? What is the solution in the Preliminary System Plan, within the limits of the Act?

Light-Density Lines in Perspective

At the time of the original rail construction in the Region, trackage networks of individual railroad companies were small—designed to meet the real or anticipated requirements of a limited area. Track connections were built almost at random between communities to facilitate the flow of goods and to permit competition with other railroads. There was no overall regional design to the rail network. Local service and local traffic flows dominated the business.

The Nation's population, industry and commerce were concentrated in the area bounded by the Mississippi River on the west and the Ohio River on the south, and consequently the rail system was far more comprehensive in the Midwest and the Northeast than in the rest of the country.

Even before the maximum system size was attained in 1916, the composition of rail services was changing. As natural resources in an area were exhausted, or as production locations shifted, or as anticipated demands for certain services failed to materialize, the need for rail service changed. Thus, even though there was growth in the overall rail system, service was being withdrawn from some areas.

The industry's rapid and unplanned expansion and overextension created many lines which never were economical, but of far more significance to unprofitable operations have been the technological development of alternate modes of transportation, the shifts in production and distribution technologies or locations, and shifts in the final demand for goods and services. Often these factors moved together.

Development of the motor-carrier industry, for example, reflected improvements in the basic technology of that form of transportation (including the construction of modern highways) and produced shifts in location of economic activity to suburban areas and rapid growth of light manufacturers and services relative to heavy manufactures and mining (see Chapter 1). Similarly, pipeline operations achieved large increases in technological efficiency during the shift from coal to petroleum fuels and produced the relocation of much economic activity from the Northeast to the Gulf states.

A major factor was the extensive development of inland waterways which diverted from rail services a large volume of bulk products. As a consequence of these changes, traffic which had been carried almost entirely by the rail industry was captured by competitive modes, causing readjustment problems for the Northeast and Midwest Region in particular. These fundamental, structural changes are continuing today.

The rise of the trucking mode is of greatest importance with respect to intermodal competition and demand shifts and their impact on light-density lines. As the railroads themselves had once been a revolutionary force in facilitating the development of previously inaccessible areas, the development of modern highways and the motor-carrier industry has revolutionized the transportation patterns in the Region. The improvement of "farm to market" roads and the highway network generally made agriculture and small manufacturing less dependent upon small rural communities and the rail lines serving them.

Traffic originating from these communities became more suitable to trucking than rail service; often rail lines in agricultural areas were left with no traffic other than once-a-year movements of crops. Highway improvements also promoted a vast increase in private auto ownership and resulted in the virtual disappearance of local rail passenger service.

Improved highways and the rise of the motor carrier industry permitted decentralization of much urban-based commerce. Heavy manufacturing and shipping activities had clustered around rail facilities located in the central city, but the development of efficient motor carriers and modern highways accelerated migration of industrial activity and population from city centers to the suburbs and from the Northeast and Midwest to the South and West. These relocations often reduced the distance which commodities had to move, thereby enhancing the ability of motor carriers to compete effectively for the traffic.

Another factor is that reorganizations of the industry—in particular, railroad mergers and traffic reroutings—made some trackage unnecessary. The industry has sought lower unit costs through better utilization of equipment and economies of scale. Mergers were undertaken to attain the traffic levels and system size thought necessary to realize these economies. Mergers, particularly when they involved parallel rail carriers, presented opportunities to downgrade or retire one of two main lines, plus internally redundant feeder and branch line systems that were an amalgamation of the lines of the merged entities. Traffic rerouting and service restructuring often eliminated the economic justification for what had been main and secondary lines.

In sum, the Region's rail system has long faced a transition problem of substantial proportions. Rail lines which at one time were self-supporting have been left

with inadequate traffic and revenue. Many such lines remain today, still draining the financial and competitive strength of rail carriers.

Railroads Try To Adjust

Railroads have engaged in a number of practices to adjust to the redundant capacity which developed from the processes of the past and which continue today. These efforts include service reduction, deferral of maintenance, internal cross subsidies and the abandonment of lines.

Reduction of service is an almost automatic—albeit usually lagged—response to a decline in traffic. Service frequency is adjusted after traffic declines are noted and identified as permanent. The effectiveness of this approach is tempered by two factors. First, service reductions may have the effect of forcing some of the remaining traffic to motor carriage, thereby further eroding the financial condition of the line. Second, limited service reductions often result in only minor savings.

Deferral of roadway maintenance also tends to be an automatic but lagged response to a decline in traffic, especially when the carrier's earnings are low. Reduction in roadway maintenance levels reduces operating expenses in the near term, with little or no impact on revenues in the short run. This process can be called gradual disinvestment.

Railroad profits closely follow general trends in the economy. Since internally generated cash flow is almost the only source of funds for maintenance-of-way, it is general industry practice to defer maintenance during periods of low earnings and to try to catch up when earnings are high. When maintenance is deferred for long periods and when the level of catch-up maintenance fails to equal accumulated deferrals, the basic plant deteriorates, and the ability to provide service is reduced with a consequent adverse effect on revenues. The cycle tends to be self-generating and, if continued long enough, facilities deteriorate until safe operation is impossible without improvements to the plant.

By definition, wherever a continuing service fails to cover its costs, an *internal cross subsidy* results (see Chapter 2). Deficits produced by such services are offset by higher rate levels on other services or by erosion of shareholders' equity. Cross subsidies can be justified only where the service being supported is likely to revive and return to profitability in the near term. Prolonged cross subsidy benefits neither the carrier nor, obviously, other shippers who must pay higher rates.

The final course of action available to a railroad is *abandonment*. Since 1920, the Interstate Commerce Commission has had authority to control the abandonment of rail mileage. The abandonment procedure involves the preparation and submission by the railroad to the ICC of an application containing information

pertaining to the line and the size of its reported deficit and the carrier's financial ability to bear the loss.

The ICC may hold public hearings on the proposal before weighing the evidence and deciding whether retention of the line meets the test of "public convenience and necessity." Since passage of the National Environmental Policy Act of 1969, and as a result of subsequent court cases, the ICC must also prepare an environmental impact statement on the abandonment decision (see Chapter 11).

An inadequate and protracted adjustment process affects the shippers and communities served as well as the carriers. Declines in the quality and quantity of rail service and increased cost and rate levels speed the process of industry outmigration and limit the ability to attract new industry. This, in turn, gradually affects the individual community and its population and employment base. These effects are considered in more detail in the latter part of this chapter.

Service Discontinuance in the Past

The filing of abandonment applications has been cyclical, reflecting carrier earnings levels and inability to continue cross subsidies. The limited abandonment activity between 1920 and 1927 reflected satisfactory profit levels and little intermodal competition. Between 1928 and 1941, however, there were a great many abandonments due to the decline of traffic during the Depression and the effects of motor carrier competition.

Between 1942 and 1953, abandonment activity slowed amidst a surge of freight and passenger traffic. In addition, in 1942 the Supreme Court upheld the right of the ICC to include employee protection conditions in abandonment authorizations. This changed the rules for abandonment and reduced the potential cost savings.

Abandonments were at a relatively high level between 1954 and 1969, reflecting the advent of the Interstate Highway System and several economic downturns during the period. Since 1969, there has been an increase in applications as a consequence of the continued diversion of traffic to competing modes and the industry's depressed earnings level.

Between 1920 and 1970, railroads filed 4,473 abandonment applications involving 73,555 miles. In the majority of instances, the abandonment petition was approved. Carriers have become sophisticated in predicting which applications will be approved—hence the high success rate.

If a carrier is uncertain of the outcome, it usually will choose to continue the line in operation but reduce maintenance expenses, impairing service which in time may be reduced to the point of de facto abandonment.

Of equal importance, however, to a full understanding of the problem is that gradual extension throughout the Region of that process of de facto abandonment mentioned above. This has happened to far too many

shippers and communities—often almost without their notice. No shipper or community is well served by a continuation of such a practice, and it is the Association's desire—as hereinafter developed—not only to halt such a practice but gradually to improve rail service on those branch lines which do pass the test of economic viability as promptly as the availability of material will allow.

USRA and Light-Density Lines

The light density line issue presented USRA with a significant challenge. The 1974 DOT report dealt with solvent as well as bankrupt carriers, but the Association's planning is concentrated on the light-density lines of the "railroads in reorganization." The DOT report found 15,575 miles of the 61,000 miles of track it studied as "potentially excess." USRA found 9,600 miles of track of the bankrupt railroads as appropriate for studies. Of that amount about 3,400 miles have been recommended for inclusion in ConRail. The remaining 6,200 miles of track are available for subsidy under Title IV of the Act. USRA evaluated such light-density lines in light of its congressional mandate to provide "adequate service" through an "economically viable" rail system.

The debate in Congress on the Act and the committee reports are replete with references to the "for profit" operating company (ConRail) to be created under the Act. Subsequent Special Court and Supreme Court decisions have made clear USRA's responsibility to follow this directive of the Congress, while pursuing as well the other goals set forth in the Act. Clearly it must plan for an economically viable ConRail. Failure to do so would leave Congress and the Nation exactly where they were in 1973—with bankrupt carriers.

Some have asserted that the light-density line problem is the critical issue for the bankrupt carriers; others contend that the problem is insignificant. While other areas exist where the impact on net income is as great as that caused by light-density lines, the deficits from branches are nevertheless significant; estimated losses are at least \$38 million a year. A lower deficit can be assumed only by accepting the premise that services should continue over facilities which are so debilitated that they fail to meet safety standards for 10 mph operation, a premise which can only result in their ultimate abandonment when the plant becomes totally inoperable. The estimated costs to ConRail are predicated on maintenance sufficient to maintain safe operation at 10 miles an hour. The implications of such losses on ConRail viability are significant.

The inclusion of all light-density lines in the ConRail System would require a "cross subsidization" of the service provided on those lines that do not generate revenues adequate to cover costs. As discussed in Chapter 2, cross subsidy is the process through which money-losers are continued in operation by using profits from

other service. When the railroads were, in effect, a monopoly insofar as transportation of freight and people were concerned, this was a valid concept. The monopoly power was accepted in part because it provided subsidized services at no cost to the government.

The basic factors which have adversely affected the profitability of the rail industry are discussed elsewhere (see Chapter 1). They have reduced the economic base that allowed the railroads to provide internal subsidies to deficit services. Railroad companies through lower profits and shippers through higher rates have carried the brunt of the cross subsidy load.

The cross subsidy concept has lost its validity in the railroad industry. Once defensible and rational, cross subsidies now, including those for branch lines, are threatening the existence and reducing the quality of service in the railroad system. Accordingly, the Association explicitly rejected the cross subsidization concept, determining that, in the context of the Act, to do otherwise would be inimical to the goals of the Act.

A correlation between light-density lines and the viability of the restructured system is made by the Congress and the courts. The House Interstate and Foreign Commerce Committee report on the Act states: "The Committee recognized the necessity for 'trimming down' the system allowing Northeast systems to throw off the excess trackage in an effort to become profitable." (House Report 93-620 p. 28.) There are numerous references in the congressional debate on the Act about the need to reduce the size of the system, both duplicative mainlines and uneconomic light-density lines, if the mandate expressed in Section 206(a) (1) of the Act, the creation of a financially self-sustaining rail service system, is to be achieved. The Supreme Court viewed the problem this way: "Congress concluded that solution for the crisis required reorganization of the railroads, *stripped of excess facilities*, into a single viable system operated by a private, for-profit corporation." (emphasis added) (Regional Rail Reorganization Act Case, Slip opinion, Dec. 16, 1974, pp. 3-4)

In discussing the Tucker Act remedy, the Special Court stated that the Court of Claims judgment could be "non-existent and . . . need not be large" if the Association follows a "sufficiently hard-nosed course [in dealing with unprofitable services] and Congress allows a sound plan to become effective." (Special Court, Regional Rail Reorganization Act of 1973, Slip opinion, Sept. 30, 1974, ft. 98, p. 92)

In view of the legislative history and the subsequent court interpretations of congressional action, there can be little doubt that USRA must present a plan that requires economic self-sufficiency of the light-density lines to be included in the ConRail System.

Reconciling the Goals of the Act

It is important to note that the eight goals of the Act apply to the entire Final System Plan. It would

be a gross distortion to attempt to apply them individually to any single aspect of the Plan or, carried to an extreme, to each individual light-density line.

Some of the goals themselves are in conflict, and it is impossible to give them all equal weight. Adjustment and accommodation being inevitable, USRA has sought to balance the Act's objectives and goals. What became clear in the process was the fact that, unless a viable system is achieved, the other goals of the Act could not be achieved.

Congress apparently recognized the primacy of the goal of economic self-sufficiency, particularly with regard to light-density lines. The House Interstate and Foreign Commerce Committee report on the Act stated: "It recognized the need for safeguard for small areas, to be able to continue essential service which is not economical for the carrier. This was recognized as a social cost to be borne by the government." (House Report 93-620, pp. 28-29.) To provide the necessary public support, Congress included the "Rail Service Continuation Subsidies" authorized by Section 402 of the Act.

Light-Density Line Alternatives

Even though Congress, the DOT report, and railroad experts all assumed that the Regional rail system was over-extended with excess capacity and that profitability required to the elimination of uneconomic service, USRA did test that assumption.

It is the Association's judgment that the light-density lines are a significant part of the total industry problem in the Region. The overcapacity of the system, the overlapping service areas of the bankrupt carriers, the extremely poor physical condition of the light-density lines, the amount of money and material needed to upgrade the track, the operating deficits on the light-density lines—all made clear the impossibility of building a restructured system with service continuing on all branch lines.

After reaching the conclusion that the goals of the Act could not be met by including all light-density lines in the restructured system, the Association then had to decide which branch lines to recommend for inclusion in ConRail. To exclude every line that failed to show a profit would have eliminated lines that could become financially self-sustaining with small revenue increases and relatively short-term traffic growth. Prudent business management compels inclusion of such lines in the ConRail System.

Also rejected was the alternative of transferring all unprofitable lines to solvent railroads in the Region. Not ruled out, however, was the transfer of individual lines in which a solvent carrier may be interested. The Association will provide any interested solvent carrier with all of the data in its possession to assist in the

evaluation of the transfer of individual lines from the bankrupt to solvent carriers. It must be emphasized, however, that such actions by solvent carriers are voluntary and cannot be mandated by the Association.

The Act, its history and the interpretative judgments of the courts left the Association with only one realistic alternative; that is, including financially self-sustaining lines, or those likely to become so in the near term, in ConRail and making the other lines available for the rail continuation subsidies authorized by Title IV of the Act. In addition, Title IV makes loans available to public bodies for purchasing and rehabilitating lines that are required, in their judgment, for social and economic purposes.

Rail Service Continuation Subsidy Program

As noted above, the Interstate and Foreign Commerce Committee Report on the Regional Rail Reorganization Act of 1973 stated:

The Committee recognized the necessity for "slimming down" the system—allowing the Northeast system to throw off the excess track in an effort to become profitable. It recognized the need for safeguards for small areas, to be able to continue essential service which is not economical to the carrier. This was recognized as a social cost to be borne by the government. (House Report 93-620, p.p. 28-29.)

Title IV provides the means by which essential services may be contained through government assumption of social costs.

Rail service continuation subsidies can be used to cover the "costs of operating adequate and efficient rail service, including, where necessary improvement and maintenance of track and related facilities" (Section 402(j)). The federal government share of the subsidy for any light-density line is 70 percent, with state and/or local government or shippers putting up the remaining 30 percent of the cost.

The Act (Section 401(a)) states that rail service continuation subsidies should be used where "the cost to the taxpayers of rail service continuation subsidies would be less than the cost of abandonment of rail service in terms of lost jobs, energy shortages, and degradation of the environment."

Of the nearly 9,600 estimated miles of active light-density lines under study, it appears that 3,400 miles will be recommended for inclusion in the restructured system. This means that about 6,200 miles are available for participation in the rail service continuation subsidy program.

The Act authorizes \$90 million for each of 2 years to meet the federal share of the 70 percent subsidy cost. Of this amount, \$45 million is apportioned to the eligible states and \$45 million is allocated to the Secretary of Transportation to be distributed at his discretion.

It appears now, however, that the total cost of continuing service for the first year on all of the light-

density lines not included in ConRail will not exceed \$38 million. It could be lower. This means that the federal share would not exceed \$27 million, with the states' share for the entire Region standing at \$11 million.

Under the Act, the Rail Services Planning Office (RSPO) has the responsibility as outlined in Section 205(d) (4) to:

... assist State and local and regional transportation authorities in making determinations whether to provide rail service continuation subsidies to maintain in operation particular rail properties by establishing criteria for determining whether particular rail properties are suitable for rail service continuation subsidies. Such criteria should include the following considerations: Rail properties are suitable if the cost of the required subsidy per year to the taxpayers is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational cost for alternative modes of transportation; the cost to the gross national product in terms of reduced output of goods and services; the cost of relocating or assisting through unemployment, retraining, and welfare benefits to individuals and firms adversely affected thereby, and the cost to the environment measured by damage caused by increased pollution.

The rail service continuation subsidy program is to be administered by the Department of Transportation. In order to become eligible, a state must undertake to meet the requirements Congress set forth in section 402(c) of the Act. They are:

... (1) The State has established a State plan for rail transportation and local rail services which is administered or coordinated by a designated State agency, and such plan provides for the equitable distribution of such subsidies among State, local, and regional transportation authorities;

(2) The State agency has the authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail services; employs or will employ, directly or indirectly, sufficient trained or qualified personnel; and maintains or will maintain adequate programs of investigation, research, promotion, and development with provision for public participation;

(3) the State provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this Title to the State; and

(4) the State complies with the regulation of the Secretary issued under this Section.

Under this Act, the Association does not have a role in determining which lines should be subsidized. Indeed, the needed planning and decision making process is clearly in the hands of the State. Nevertheless, the Association has taken certain steps which may provide assistance to the state and local governments.

A handbook has been prepared for use by state and local agencies which describes detailed procedures which can be used to estimate the effects of the removal of a branch line on the community so as to help it reach a conclusion as to whether a line should be subsidized.

Impact on Communities and Shippers

The potential effects of the Final System Plan are both regional or system-wide and local. The Association is specifically directed to consider both.

The Association believes it is the responsibility of the states to undertake or coordinate the analyses of potentially adverse local impacts. To facilitate the most complete consideration of these potential impacts, one of the responsibilities of the RSPO is to solicit, evaluate and make available the views of the public, as well as those of state and federal officials.

Consideration of all but one of the regional impacts is contained in other chapters of this Plan. This chapter responds to Section 206(a) (8) of the Act, which requires that the Final System Plan be formulated in such a way as to minimize "job losses and associated increases in unemployment and community benefit costs in areas in the Region presently served by rail service."

The Region represents a significant portion of the Nation's economic activity, containing approximately 38 percent of the employment, 55 percent of the personal income and 48 percent of the population of the Nation. There could be a significant adverse local, industry-wide or regional impact from reductions in the size of the rail system. However, four factors serve to diminish the potential widespread impacts.

First, the planning process is directed toward the revitalization of the system as well as its restructuring, and many users will benefit greatly from improvements in rail service.

Second, the restructured system will represent a sizeable portion of the Region's rail system—a system that will continue to be extremely comprehensive even if none of the excluded lines are subsidized. Virtually all areas of the Region will continue to have access to rail service.

Third, the ubiquity of highways and the ready availability of private, contract and common motor carriers serve further to diminish the potential impacts of reductions in the size of the rail system in any given area. Depending on the costs to the shipper, motor carriers could provide the entire transportation service or a portion of it, with the joint use in some cases of rail or water carriers.

Fourth, almost by definition the adverse economic effects of abandonments tend to be minimal except for quite specific local communities and shippers that are involved directly. Lines identified for either subsidy or abandonment are by definition lines with very low traffic volume.

The methodology used by the Association almost automatically includes those lines in ConRail whose volume of rail traffic is significant. If a line does not qualify for inclusion in ConRail or for service by an adjacent profitable carrier, its volume of traffic is sufficiently low

the radius of adverse impact from abandonment is very limited.

Any adverse effects of the discontinuance of service along certain rail lines will flow into the area's economy through the impact on the specific shippers that use them. The actual magnitude of the impacts will depend on the effect of increased production costs on the firm's market and profit and on the effectiveness of management in its attempts to minimize potential adverse effects. These factors depend, in turn, on the relative importance of transportation costs to total costs, the availability and substitutability of other modes and the firm's ability to pass cost increases forward through price increases. All these factors vary from area to area and shipper to shipper.

Analysis of the potential area impacts from a reduction in the size of the rail system was undertaken by the Association with the assistance of the Public Interest Economic Center. *The analysis described in appendix J significantly overstates the potential impact of termination of service on lines not included in the Final System Plan.* The scope of the analysis, which is discussed at greater length in that appendix was dictated by two factors.

First, the analysis had to be completed prior to the development of specific recommendations concerning each line which is a candidate for inclusion in the restructured system. Therefore, the analysis had to consider the potential adverse social and economic impacts resulting from the discontinuance of service over the lines declared potentially excess by the Department of Transportation in the Secretary's Report of February 1, 1974, not the lines studied by the Association.

A total of 15,600 miles of both bankrupt and solvent carriers in the Region was declared potentially excess in the Secretary's Report while the Preliminary System Plan covering bankrupt carriers would make only 6,200 miles of road eligible for rail service continuation.

The second factor affecting the scope of the analysis was the magnitude of the potential adverse effects. The lines declared potentially excess have, by definition, very low usage levels. As a consequence, estimates of the potential effects at the regional and state level likely would be overwhelmed by the magnitude of the continuing activity. To obtain usable estimates, the analysis of economic impact was undertaken at the county level, where 410 counties in the Region were studied.

A more definitive analysis of the economic impact on communities that might result from a discontinuance of rail services or from a substantially improved service would have been preferable. However, a sophisticated and individualized analysis proved to be impossible because of time and budgetary constraints. The information and evaluation derived from the ESPO hearings will be taken into account carefully when the Final System Plan is developed.

The elements subjected to analysis were the potential reductions in employment and income and the potential increase in transportation costs. The basic inputs were the employment and payroll data for the several relevant types of productive activity. Certain types of activity were excluded from the analysis because they do not make significant direct use of rail transportation. The excluded activities included fisheries, public utilities (except electricity and gas suppliers), service industries (except wholesale and retail trade), financial services and personal services such as amusement, medical and legal services.

For the remaining activities, it was assumed that, if the county would lose any rail lines, all plants in the county, whether they actually use this service or not, would be affected directly. This assumption, which overstates the potential impact, is made necessary by the aggregate nature of the data.

The actual calculation proceeded in two steps. Each industry in a county was treated initially as if all plants used the national average rail service for inbound and outbound movements. These results were then reduced by the ratio of the traffic generated on potentially excess lines to the total traffic for the U.S. DOT zone containing the involved county.

In computing the increased costs of alternative transportation, the difference between estimated rail and common motor carriers costs was used. The two most important alternatives excluded by this approach are private carriage and trailer-on-flat car or container-on-flat car service. Because increased transportation costs are the most significant impact identified by the analysis, inclusion of these two services probably would have reduced the impact.

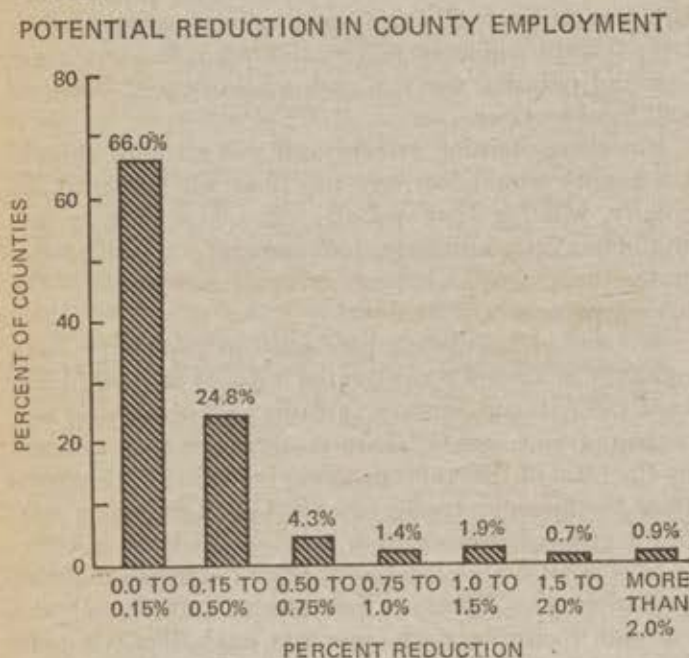
Results of the Community Impact Analysis

The results of the analysis are summarized in Figures 1-3. They indicate that the potential overall impact from the termination of rail service on all of the potentially excess lines of the DOT report represents a very small proportion of the counties' existing economic bases. Figure 1 indicates that in only 15 of the 451 counties did the estimated decrease in industrial employment exceed 1 percent. Figure 2 shows that the potential reduction in county income is less than 1 percent in 80 percent of the counties. Figure 3 indicates that the potential increase in transportation costs as a percent of income is less than 1 percent in 99 percent of the counties studied. In only 32 of the 510 counties studied do any of the projected impacts exceed 2 percent.

In short, even the most pessimistic estimates of the adverse impacts on the Region and areas within the Region indicate that the effect of the suggested reduction in the size of the rail system would be negligible. In contrast, the expected benefits to the users of the remaining restructured system will far outweigh anticipated adverse impacts. Despite the negligible overall

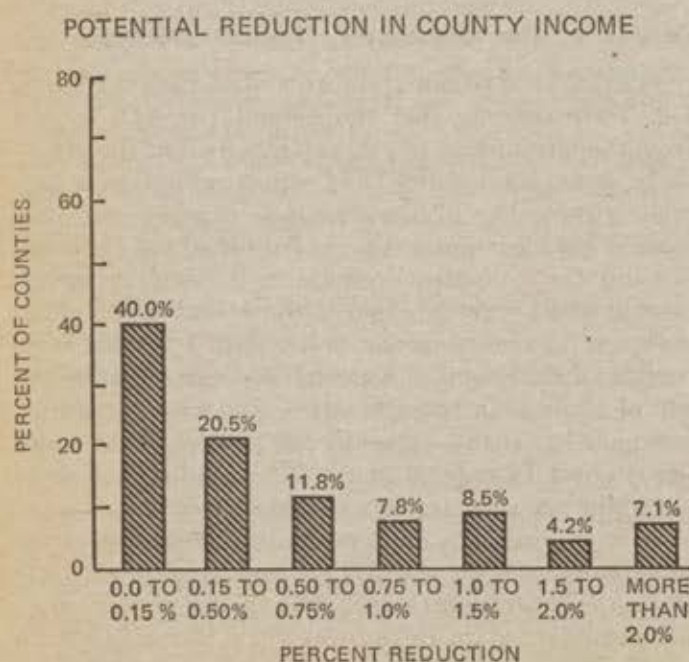
impact, however, the adverse effect on individual shippers and communities may be substantial and Congress may well wish to consider some further means for mitigating such effects.

FIGURE 1.—Potential reduction in county employment after discontinuance of light-density line rail freight service



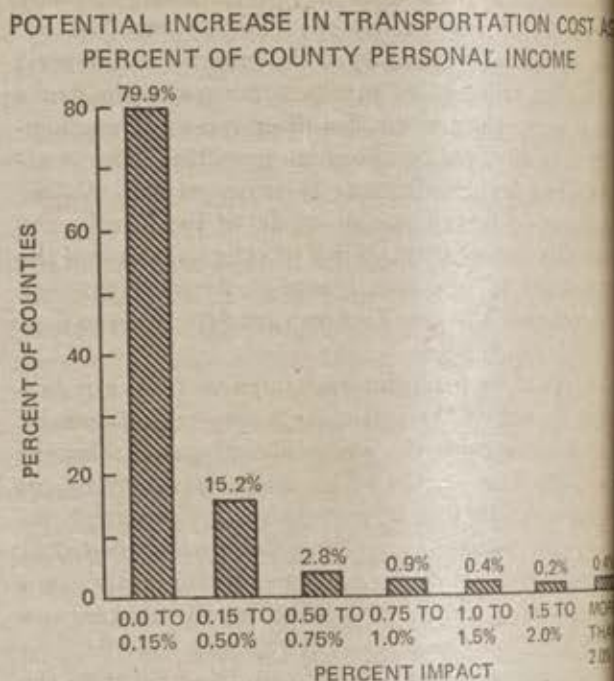
Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

FIGURE 2.—Potential reduction in county income after discontinuance of light-density line rail freight service



Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

FIGURE 3.—Potential increase in transportation cost, as percent of county personal income, after discontinuance of light-density line rail freight service



Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

Service by Other Carriers

The Final System Plan will contain recommendations for continuation of service on light-density lines by alternative railroad carriers. Undoubtedly, there are lines that will not be financially feasible in the restructured system but would be self-sufficient if operated as part of another railroad. There are two circumstances in which alternative carrier service could achieve self-sufficiency.

First, other railroads operating in the vicinity of the line might, by a combination of geographic circumstances and markets, be able to provide service profitably. The Association will provide all available data and information to facilitate analysis by the involved carrier(s) for those lines where alternative service may be feasible. The assumption of such service by an adjacent profitable carrier is wholly voluntary and could depend on whether the railroad could gain by assumption of service.

Second, alternative railroad service might achieve self-sufficiency if operated by a short line or Class II railroad. Short line railroads generally have lower operating scales and closer management attention than exists on a typical branch line.

Further, the pay scales of Class I railroad employees are negotiated on a nationwide basis, but short-line employees generally are paid prevailing local wages.

rates. The entire management effort in short-line rail operations results in a concentration of attention both on the level of costs and service which differentiates it from the branch line operating effectiveness of large carriers.

While there is a valid role to be played by the short-line railroad, it should be recognized clearly, however, that such roles are limited. Unless there are valid reasons to expect the normal economies of short line operations to occur, as mentioned above, they may not be a good solution. Not all short lines are profitable. A short-line railroad which can survive only by inequitable revenue divisions or other indirect subsidies should not be encouraged, either directly or through subsidies.

The Association's primary interest is in maintaining as much service as possible. It will do its utmost to facilitate continuation of service on lines not included in the restructured system, whether it be by doing what it can to help states evaluate the subsidy option or making possible acquisition by solvent carriers.

Railroad Marine Operations

The marine services of the bankrupt railroads in the Region, which are discussed fully in Chapter 18, are not profitable. The large investments in new marine equipment, which are long overdue, could reduce operating costs substantially but not eliminate deficits attributable to these segments of the railroads in reorganization.

Two of the five marine operations in the Region are potential medium density routes and, except for New York Harbor, are routings for through freight that could move entirely by rail. The Lake Michigan car ferries serve traffic which would otherwise move through the Chicago gateway; the Chesapeake Bay float is an alternative to the Alexandria, Va., gateway and services oversize loads; the New York Harbor car-float provides the most direct route to Long Island from the South and West.

The Association has concluded that investment in railroad marine operations would be a mistake. Promotion of all-rail routings is preferable where this is possible. All-rail land movements are considerably more energy-efficient, for example.

Alternative car-float and lighterage services are offered in the New York Harbor by two Brooklyn terminal companies. There is a good possibility that the Chesapeake Bay car-float operation might be taken over by a solvent carrier, such as Southern or the Richmond, Fredericksburg & Potomac, while extending its operations into the Wilmington area. This possibility is addressed in Appendix D.

The decision of the Association to treat marine operations in the same manner as light-density lines is based on the assumption that it is rail service for which funds provided under the Act would be available for marine

operations under the 70-30 federal-state sharing formula. It is assumed also that the capital costs of new or rehabilitated float equipment would qualify under the provisions of Title IV, as in the case of light-density line rehabilitation. The Association recommends that the U.S. Department of Transportation and the RSPO consider the merits of subsidizing marine operations.

Determination of Branch Line Self-Sufficiency

Light-density lines studied in this process were:

- Those lines of bankrupt carriers identified by the DOT Report as potentially excess,
- Those identified by the bankrupt carriers for possible abandonment,
- Those identified by USRA operations planning staff and their consultants as requiring study.

The Association also studied lines which had formally been abandoned under ICC hearings in order to develop an accurate definition of the systems of the bankrupt carriers at this time.

Altogether the Association identified 844 light-density line segments and 11,800 route miles for study. (This does not include any light-density lines of the Erie Lackawanna). Of these, 540 segments constituting 9,600 miles of service are currently in operation, and 176 line segments constituting 1,200 miles have already been abandoned under ICC procedures. Finally, 128 segments covering 1,000 miles are not currently being served although these have not been formally abandoned.

As these lines were identified for analysis, the appropriate state agency was notified by the Association and the reasons for or against the line's inclusion discussed. Each branch line selected for study was identified to determine its exact location. Specific data concerning costs of serving the line as well as the revenue it generated were developed. These data were provided by the railroads serving the segment, individual shippers, concerned citizens and state and federal agencies. Information also was developed at the hearings sponsored by the Rail Services Planning Office in the spring of 1974. The testimony included general comments concerning the DOT Report, comments concerning the methods employed and comments pertinent to individual zones or line segments. The various state and federal agencies involved in the planning process also supplied useful information and technical assistance to the Association.

When analyzing each branch line as USRA did, the key questions to be asked are: What are the costs of continuing service? Will there be sufficient line-generated revenue to cover these costs? What is the near term traffic growth potential of the lines? Are there recoverable fossil fuel deposits on the line?

Because the use of generalized rather than individ-

ualized data was a major criticism of the DOT report, USRA devised a data collection system that individualized all information for each separate light-density line. For each light-density line the following characteristics were identified:

Physical characteristics—length, quality of track ridings, number of ties and rails needed to upgrade, etc.

Freight service characteristics—type of service, frequency, type of equipment used, crew size, etc.

Shipper characteristics—each shipper's name, location, billing station number, etc.

Traffic characteristics—car loadings and tons of each commodity shipped and revenues received by carrier, etc.

In addition to the information provided for the above categories by consultants and bankrupt carriers, USRA carefully catalogued, line by line, all of the information on light-density lines gathered at the RSPO hearings or in USRA's own review. Numerous other shippers and communities sent further information directly to USRA that has also been helpful.

From these reports, it was possible to determine the specific revenue generated by an individual branch line and to estimate costs attributed to that line, including those directly variable operating costs which would occur on the main line in handling that traffic. This step included analysis of the comparative costs of upgrading

the branch line to FRA Class I and II track standards and the costs of maintaining tracks to either of these standards over a period of time. Also included were the costs of capital specifically utilized on the branch line.

With these data, each line was then analyzed to determine whether revenues currently generated by traffic originating or destined to the line were sufficient to cover the costs directly attributable to that traffic. Lines were divided between those that had sufficient revenues to cover full rehabilitation to Class II standards (i.e., 20 miles per hour) and those which would support only maintenance of track to Class I standards (i.e., 10 miles per hour).

If a line was long enough to be rehabilitated to Class II standards and thereby generate net savings from operations adequate to cover the cost of that upgrading, then the Class II standard was used along with the resulting lower operating cost. On the other hand, if upgrading to Class I standards with its higher attendant operating costs provided adequate overall revenues to operate the line, this standard was used.

If a line did cover its variable costs, including maintenance to either standard, it was recommended for inclusion in the restructured system.

If the branch line failed this test, an analysis was conducted to determine if it could cover its variable costs

COAL FIELD SERVICE

The Congress specifically directed the Association to preserve, to the extent possible, "existing railroad trackage in areas where fossil fuel natural resources are located." (Section 206(a)(4).)

The pursuit of this goal has been a major concern for the evaluation of the traffic growth potential on individual lines serving areas which hold fossil fuel reserves has been difficult and complex.

Not all lines servicing areas with these reserves actually serve or would be required to serve reserves which are economically recoverable. Further, some reserves may not be tapped for decades, if ever. Identifying individual rail lines which should be preserved for fossil fuel purpose is a difficult task.

Use of the Region's coal reserves primarily depends on the ability of individual deposits to meet EPA requirements, their mineability, proximity to the market, expected use (metallurgy vs. steam production) and the price and availability of alternative fuels. Assessment of the extent to which each of these factors affects a given coal deposit requires a great quantity of detailed data and judgments by qualified people.

In an effort to develop line-specific coal production estimates, contacts have been established with the U.S. Department of Interior, the National Coal Association and the Region's coal-producing states. Recommendations concerning specific lines largely or solely because

they serve fossil fuel reserves will be included in the Final System Plan.

Regarding continued service to fossil fuel resources USRA has adopted the following positions:

1. On lines required to reach economically recoverable reserves, if service is now provided it will be continued whether viable or not. Where the line does not pass USRA viability tests, however, service will be maintained on an "on demand" basis and only so long as no major repairs are required on the line. At such time as repairs are required the line will fall into the category listed below.

2. On those lines required to reach economically recoverable reserves and where there is not now service the Association proposes that such lines be considered for "rail banking", and that this concept be developed in conjunction with the Final System Plan.

The lines recommended in the Preliminary System Plan either for continued service or rail banking are based on the best available information the Association could obtain, to date. We will continue to work with the Federal Energy Administration, Department of Interior, the National Coal Association and the Region's coal producing states to make a more accurate estimation of where economically recoverable coal reserves exist.

either with a modest rate increase (10% or less) or with an expected traffic increase (specific growth if available, projected ConRail System growth if not).

If the line did not cover such costs, even with reasonable rate increases and traffic growth, a review was conducted to determine whether the line had connections to other carriers. Where such connections exist, the railroad will be provided the data and information necessary to assess the line's potential viability.

Therefore, a financially self-sufficient line to be included in the restructured system, ConRail, is one that:

1. Is capable of generating sufficient revenue to cover the costs incurred on the light-density line itself as well as the cost of serving branch-line-generated traffic beyond that branch line.
2. While not currently self-sustaining, can be made viable by reasonable rate adjustments.
3. While not currently self-sustaining, can be made so because of the identifiable traffic growth in the near term.

All other lines automatically become available for participation in the subsidy program (Section 402) under the Act, with the decision concerning continued service on these lines depending on state and local action. If a line is not included in ConRail, and if the state and local interests and shippers fail to provide the subsidy, the Act permits the discontinuation of service.

Outcome of the Analysis

Results of the analysis of each line's prospects for attaining financial self-sufficiency are reported in detail in Appendix K to Volume II. Of the 9,600 miles of active roadway studied, 3,400 miles are recommended for direct inclusion in the Preliminary System Plan without further study. These lines account for approximately 75 percent of the traffic and revenue generated on the lines studied. The remaining lines should be studied carefully by the states, regional and local agencies, and shippers, to decide which justify continuation of service through subsidies and those which should be abandoned.

The 6,200 miles not recommended for inclusion in the Preliminary System Plan can be continued in operation through service continuation subsidies, as previously discussed. The required subsidy level should be estimated using a formula developed by RSPO, but the formula was not received sufficiently early to allow such computation. In addition, the most recent RSPO standards still are only proposed and not final standards.

The analytical result presented in full in Appendix K to Volume II included detailed consideration of each line's financial self-sufficiency under the traffic, revenue and estimated cost levels which prevailed in 1973. Analyses to be completed after preparation of the Preliminary System Plan include the identification of traffic growth realized, for example, due to the location of new shippers on the line, and the development of sound proposals concerning service continuation by an alternative railroad.

Because only 1973 data are used in the analysis, new firms could have come into existence, and existing shippers could have permanently increased their use of rail service since the data were collected. Second, a line may realize the necessary traffic growth in the near term to become self-sufficient. In both cases, the lines involved would represent prudent business investments and should be included in the Final System Plan.

More current carrier data will be analyzed to assist in the identification of traffic growth which already has been realized. The major sources of the needed information are the testimony provided at the RSPO hearings (including those to be held on the Preliminary System Plan), communications received directly from individual shippers and information provided by such public agencies as the state departments of transportation. Where the verified information indicates that the traffic growth will permit self-sufficiency, the line segment will be recommended for inclusion in the Final System Plan.

An Overview

As stated at the outset of this chapter, no issue generated as much interest and debate during the planning process for this report as did the light-density line issue. It dominated meetings to discuss the work of the Association held with state and local officials, public interest groups, shippers, members of Congress and nearly every group that met with representatives of the Association.

The Association approached this issue with considerable care and preparation, aware in particular of reactions to the Department of Transportation report last year. No doubt there will be honest differences of opinion; as to the correctness of our approach, our methodology, the data used and our conclusions.

Because the Association dealt only with the light-density lines of bankrupt carriers and the DOT report studied solvent as well as bankrupt railroads it immediately pared down the number of miles of track where continued service was thought to be in jeopardy. The Association concluded that of the 9,600 miles of track under study 6,200 miles were not suitable for inclusion in the restructured system.

It is important to keep in mind that this Plan, although a major step in the restructuring process, is only one step in the process and is now offered for public comment and evaluation. Upon its release of the Rail Services Planning Office will begin a formal hearing and evaluation procedure as it did with the DOT Report. Hearings will be held throughout the 17-state Region. RSPO will announce the dates and locations of those hearings.

The Association views this part of the process as vitally important to the successful submission of a Final System Plan to Congress. It may be expected that this set of hearings will focus primarily on the light-density line issue. States, communities, shippers and other interested citizens will present their views on our plan.

The Association gives its assurance that all of these comments, particularly the RSPO evaluation due on April 28, will be given careful consideration. The Association is seeking, through the RSPO hearings, definitive information and material assistance relevant to individual branch lines. This is especially important in the case of light-density lines that have an identifiable capability for growth in the near term. Also being

sought are other proposals which may result in continued service on lines that now appear to be uneconomical.

The goal of the Association, limited only by the requirements of the Act, is to provide in the Final System Plan for the continuation of as much rail service as possible. In pursuing that goal, it seeks whatever guidance and help may be available.

THE RAIL TRUCK TRADE-OFF FOR BRANCH LINE SERVICE

Truck service could be substituted for rail on many light-density branch lines. Such substituted service involves continuation of rail service to a railhead with transfer of cargo to truck for final delivery. A study was made of the comparative costs of rail branch line operations and coordinated rail-truck service, including transfer operations. This analysis differs from other USRA-sponsored studies, such as the community impact study. It is limited to branch line operations and highway-substituted service.

Figure 4 portrays the transfer cost per ton for several commodity types and a range of daily transfer terminal volumes. As these costs indicate, it is more economical to transfer merchandise freight in piggyback trailers than to transfer the cargo. Conversely, the case of bulk commodities, it is cheaper to transfer the cargo to truck. The combined cost of transfer and trucking from a rail terminal, for various lengths of rail branch line, is summarized in Table 1.

A comparison of these costs to movement by rail is shown in Figure 5. It may be concluded from the data in Figure 5 that a rail-truck transfer operation results in lower total resource consumption than rail for branch lines longer than 7 miles, averaging 5 loaded cars per day, and for branch lines 50 miles long with 18 cars per day or less.

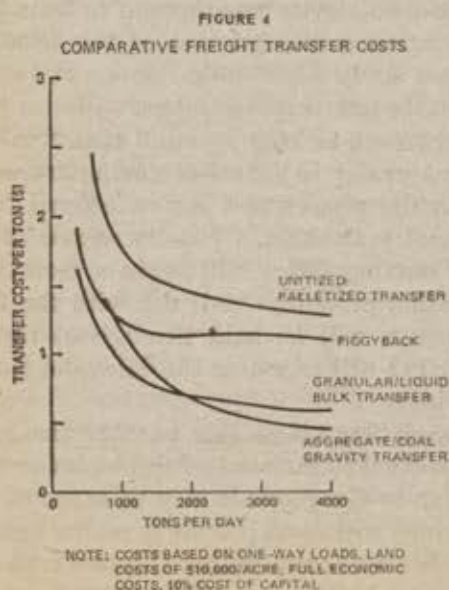
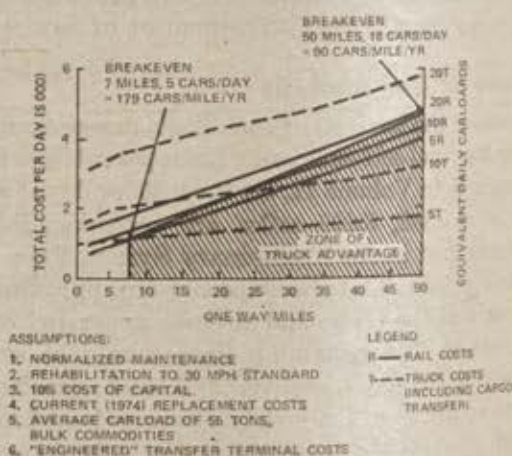


TABLE 1.—Cargo transfer and trucking costs per ton

Commodity type	Length of haul (miles)				
	5	10	20	35	50
Unitized or palletized freight..	\$3.62	\$3.96	\$4.41	\$4.95	\$5.50
Piggyback trailers.....	3.32	3.66	4.11	4.65	5.19
Granular/liquid bulk commodities.....	2.87	3.21	3.66	4.20	4.74

FIGURE 5
COMPARATIVE
RAIL-TRUCK COSTS
FULL ECONOMIC COST BASIS



Since the preponderance of branch lines under study falls within the range of these conditions, it is safe to say that the transloading concept has particular merit as an alternative to retaining unprofitable light-density rural and urban branch lines. This is especially significant given the ultimate costs of restoring many local lines to proper standards of maintenance.

With respect to fuel use, all-rail movement is more efficient than truck—about four times more efficient under conditions of *high capacity* utilization but only *slightly* more efficient (1.4 times) with short, light trains. Under conditions of balanced movement, the relative efficiency of truck vs. rail is even greater. Changes in the price of fuel will shift the cost trade-off between rail and truck and thus alter total economies of fuel consumption. See Chapter 11 for additional discussion of energy and air pollution aspects of the truck-rail trade-off question.

8

Intramodal and Intermodal Competition

Public policy has long sought to protect competition in our private enterprise economy because competition generally is assumed to lead to efficient industrial production and good service at reasonable prices for consumers.

USRA considered longstanding differences of expert opinion regarding the desirable amount of competition between rail carriers operating in a given market. The chapter recognizes that excessive competition between railroads at times has led to greater costs, reduced or erratic service and higher rates for shippers, but elimination of rail-rail competition in key markets is an unacceptable policy under the mandate of the Act.

Extensive competition has developed from other modes, especially trucking but also water carriers and pipelines. This intermodal competition has diverted traffic and revenues from railroads and has made it increasingly more difficult to offer rail service by multiple carriers in the same market. On the other hand, effective intermodal competition is

valuable to society because it provides a ready alternative for shippers where rail-rail competition might have diminished. Increasingly, it is the motor carrier industry that sets cost and service standards for the railroads.

USRA's preliminary conclusion is that indirect rail-rail competition (not duplicated door-to-door services) and the ready availability of other competitive modes would fulfill the competitive goals of the Act.

Competition among firms in the same industry and market is an important feature of public policy toward business in America. Competition, an underlying premise of the private enterprise system, is protected and encouraged by antitrust laws and numerous pieces of special legislation. Even in highly regulated industries like railroading, competition is prized as a means of controlling abusive business behavior because it is automatic, penetrating and persistent. Shippers and consumers generally value competition among suppliers as the best guarantor of reasonable prices and as the best mechanism for assuring good service, technological progress and efficient management. Those who advocate less public regulation of quasi-public utilities like railroading—in order to give industry greater flexibility in pricing and services—place heavy reliance on the self-regulating character of competition; without a healthy and balanced competitive system, the public will demand more, not less regulation.

On the other hand, with respect to industries that have some if not all of the characteristics of public utilities, competition may be more valuable in theory than in fact. Head-to-head competition of rival firms may be valuable to shippers by lowering their rates, but other less direct forms of competition may be equally valuable over the long run. Indirect forms of competition may be sufficient to bring about improved cost performance and innovations in services. In areas of great excess trackage, as in the Granger States, excessive competition has been known to result in less frequent service, poorer utilization of plant and equipment, higher unit costs and hence higher charges to the shipper than otherwise would have been required. Too much competition may be one of the causes of financial instability and bankruptcy of some railroad carriers. Hence, excessive competition is no more a friend of the shipper than inadequate competition.

The Act gives prominence to the goal of maintaining and enhancing effective competition in the Region. Section 202(b) (2) states that "in addition to its duties and responsibilities under other provisions of this Act, the Association shall . . . prepare an economic and operational study and analysis of . . . the competitive or other effects [of the Final System Plan] on profitable

railroads." In Section 206(a) (5) the Act provides that "the Final System Plan shall be formulated in such a way as to effectuate [among other goals] . . . the retention and promotion of competition in the provision of rail and other transportation services in the Region."

Competition is a goal of the Act that may conflict with others, particularly Section 202(b) (5), which requires the Association to consider methods of achieving economies through consolidations and pooling arrangements; and Section 206(b), which mandates consideration of ways to achieve rationalization of rail services and the rail service system in the Region. (See also Section 206(g) with respect to consolidation arrangements.)

Competition Defined

It is a basic tenet of economics that a purely competitive market economy will produce the best allocation of social resources. Proper resource allocation enables production of a given bundle of goods and services at the lowest possible cost or, as a corollary, assures that the mix of goods and services produced by the economy best satisfies consumers for any given level of expenditure.

Thus, pure competition produces the condition of maximum social welfare: All goods and services are produced in the proper amount, all "inherent advantages" are fully exploited, all economic resources and factors are most efficiently used, prices in the market are reasonably low—given the size of the market and available technology—and undue concentrations of economic power do not accumulate.

The Definition of Markets

The economist's model of pure competition seldom is realized in actual business practice. Nevertheless, American public policy toward business places great stock in maintenance of competition; but how much competition and what kind? Statutory boundaries of anticompetitive behavior are found in the antitrust laws and transportation statutes,¹ but 75 years of antitrust case law

¹ Two sources on statutory and regulatory standards for competition in the transportation industries are Alfred E. Kahn, *The Economics of Regulation: Principles and Institutions* (John Wiley & Sons, Inc., 1971) and Michael Conant, *Railroad Mergers and Abandonments* (University of California Press, 1964).

and regulatory rulings have failed to provide a precise definition of the lawful minimum of competition.

To get at the question of how much competition should exist (or conversely, the degree of "monopoly power" which should be allowed), it is necessary to define the market in which competition is supposed to exist. Economists measure the degree of monopoly power in a market by "cross elasticities of demand," or the degree to which one product can be substituted for another. Antitrust law comes at this by attempting to define "relevant markets"—the range of substitutable products that the law will not allow to be monopolized. Unfortunately, the definition of "relevant markets" cannot be determined any more precisely than "adequate competition;" indeed, the two concepts are fully interdependent.

The transportation industries pose difficult problems of market definition because of the point-to-point character of traffic movements and the high degree to which modes can be substituted for each other. For example, if a shipper wants steel to move from Pittsburgh to St. Louis, it will be significant that the Penn Central, Chessie System and Norfolk & Western all provide single-line service. The shipper is well situated with respect to intramodal competition, but intermodal competition also may be a factor in this market. Steel is a valuable commodity and earlier delivery may save the shipper some distribution expenses; trucking firms could haul the steel to St. Louis in competition with the railroads, probably with faster delivery. Also, steel products are heavy, and inland waterway carriers might be able to move the steel at rates low enough to cover the time-related costs of (presumed) slower delivery by barge. For this point-to-point movement, there is high cross-elasticity among rail, truck and barge service or, in other words, intermodal competition is highly effective.

Workable Competition

Because pure competition rarely exists, economists and antitrust lawyers have arrived at the notion of "workable competition." This concept strikes a balance between theory and pragmatism—between pure competition, which relies on large numbers of sellers to prevent monopoly control of prices and service levels, and the undeniable fact that total market demand places a limit on the number of sellers of a size large enough to take advantage of production economies.

"Workable competition" is best achieved when a market has the largest number of firms which can exist in an industry, without any firm being too small to reap all of the economies which might come from being big—such as specialization, research work, volume purchases, advertising advantages and the like. Each firm in an in-

dustry should be large enough to achieve these economies; but if a firm is larger than the threshold size, the total number of firms is reduced unnecessarily.

In railroading, economies resulting from dense traffic flows are likely to be so great that only one firm can be of optimal size in many point-to-point markets. Two firms of optimal scale may be able to coexist in larger markets. In general, two railroad firms in a large freight market will produce a "workable" level of intramodal competition.

For smaller city-pairs, only one rail carrier is practicable, but that does not mean that no competition exists or that shippers are at the mercy of the railroads; there are several avenues of escape. First, there is intermodal competition. Second, there is the option to route traffic to other rail carriers at intermediate junctions (called short-hauling). Third, the shipper over time may relocate or revise production and distribution strategies, part of the reason for the decline of railroading as described in Chapter 1. Fourth, a multiplant firm can threaten to reallocate production toward other existing plant locations.

Public economic regulation of an industry substitutes for market competition under the antitrust laws. So long as there is regulation, the number of competitors in "relevant markets" is not so important as it is under market competition. If a policy choice were made to lessen public rate regulation, however, the number of effective competitors in each market could not be ignored.

In sum, "workable competition" is a practical balance between pure competition of large numbers of sellers and no competition or monopoly. "Workable competition" produces acceptable results, i.e., prices close to production costs, good service to customers, efficient management and technological progress at reasonable costs.

Competition vs. Competitors

In our complex industrial society, individual people as consumers rarely participate directly in freight transport decisions. Shippers and receivers serve as intermediaries for consumers, paying the freight bill as part of the final production costs of goods and services purchased by consumers. To the extent that there are benefits of competition, those benefits are received indirectly by consumers and directly by shippers or receivers. In defining types or levels of competition, therefore, it makes sense to view competition as it is perceived by shippers and receivers—the directly participating beneficiaries.

A contrary view often is presented by rail industry representatives who, in a merger case for example, typically are more interested in impact on *competitors* than

impact on *competition*. Their argument is that there can be no competition without healthy firms to compete. That is so, but when public policy has sought to protect *competitors*, it often has done so at the expense of consumers, who may be made to pay higher rates to keep inefficient firms in business. If, instead, the competitive forces were permitted full rein, efficient firms would survive and inefficient firms would fail. Public policy must intervene, of course, to prevent predatory competition and its excesses.

The Association believes that protection of competition comes before protection of competitors. USRA cannot neglect competitive impacts on rail carriers in the Region, but where the interests of these carriers may conflict with the interests of creating the best long run solution for consumers generally, the latter course must be favored. A most serious policy problem exists if, in mapping a competitive industry structure, potential competitors refuse to engage in territorial extensions designed to bring about an acceptable level of competition. In that case, absence of willing competitors becomes an immediate problem which must be solved in the interests of competition generally.

Intramodal (Rail-Rail) Competition

Efficiency of railroad service in the Region is affected considerably by the nature and extent of competition between railroads. Resolution of this complex subject was a key part of the Association's deliberations in preparing the Preliminary System Plan. Few areas have evoked such differences of expert opinion and it has been impossible to reconcile these differences with statistical or other factual findings.

Some observers believe rail-rail competition is costly to provide in the Region because it necessarily implies retention of duplicate and underutilized facilities. Others believe that the goal of preserving rail-rail competition is consistent with creating a financially sound rail system in the Region. This latter group believes that

whenever a choice between one larger firm and two smaller firms serving the same markets is to be made, the more competitive solution (two firms) also results in establishment of firms of more efficient size. According to this view, the two competitive firms will be managed better, and will be more aggressive and more progressive than a single larger firm. As a result they will provide better service at lower rates, over time, than will the larger firm. These two conflicting viewpoints can be summarized as in the numbered paragraphs on this page.

The Association has made special studies of the kind and level of competition in the Region, has made preliminary investigations of economies of scale and economies of density in railroads, has reviewed the Secretary's Report and the testimony of witnesses before the RSPO and has solicited expert opinion from key economists, transportation consultants and rail shippers. The viewpoints expressed and the analytic results reported in these sources amount to a near-unanimous rejection of anticompetitive solutions in major markets.

USRA's approach to the resolution of the issue of the proper level of rail-rail competition was to define types of competitive service which might be created or maintained, then to determine which areas of the Region should be served by each type of competition. USRA determined that the proper *amount* of competition cannot be resolved without reference to multiple *types* of competition. The various types of rail-rail competition are defined and analyzed in the preceding section. The Association's basic plan for competitive service in the Region is described in Chapter 3, and location-specific determinations are discernible in the large industry structure map enclosed with this volume of the Plan.

The general policy adopted by USRA is that effective rail-rail competition must be provided in key markets including markets presently dominated by bankrupt carriers. Rail competition need not be sustained,

For Emphasizing Competition

1. Firms of small or moderate size are equally or more efficient than the largest firms.
2. Economies of density can be achieved through creation of proper route structures and expanding joint operations.
3. Rails already have lost almost all divertible traffic to other modes, so only rail-rail competition is effective.
4. A larger number of competitive firms keeps open a larger number of future restructuring options and avoids putting all the eggs in one basket.
5. Good service to shippers derives from aggressive competition of more than one firm for a given amount of business.
6. Competitive firms will be financially sound if underlying conditions are adequate, because competition provides incentives to good management and firm size is at optimal scale.

For De-emphasizing Competition

1. Larger firms are at least potentially more efficient than smaller firms, especially if the latest managerial techniques are employed.
2. Economies of density are best achieved by consolidating freight flows over the minimum number of firms.
3. Rail-rail competition was beneficial in the past but is largely nonexistent or irrelevant today because firms in other modes, not other rail carriers, set cost and service standards.
4. A smaller number of firms enables concentration of scarce managerial talent and focusing of federal assistance funds in limited areas.
5. Good service to shippers derives from concentration of traffic flows, enabling more frequent schedules, run-through trains, better plant, etc.
6. Financial viability is a function of minimum plant duplication and avoidance of "destructive" competition—which undermines the rate level.

however, in markets where traffic volumes are such that rail efficiency would be impaired significantly by duplication of facilities and services. Given a choice between two or three railroads, each providing an inadequate level of service, and a single carrier providing a high quality of service, the single carrier choice is preferred.

Determinations of traffic levels adequate to sustain competitive rail services can be made only by consideration of the specifics of each market. Withdrawal of services must be considered on a case-by-case basis. Because of the way the mainline rail networks have developed, for example, it may be relatively inexpensive to maintain two-carrier service to one particular traffic generating area, while elsewhere two carriers could not split the same amount of traffic and earn the same aggregate amount of profit. Most important, when considering how to continue competition in markets which otherwise would be monopolized, it is essential to find a carrier willing to provide competition (see Chapter 3).

Finally, continuation of rail-rail competition in the Region is not necessarily incompatible with increased rail efficiency or reduction of duplicative facilities and services; opportunities for coordination of services between carriers enable achievement of economies of density without reducing service to a single carrier monopoly.

The Association, like the Department of Transportation in its February 1, 1974 report, has rejected the extremes of monopoly rail service in the Region and an industry organization of multiple small firms. The institutions recommended in this Preliminary System Plan are of manageable size. No part of the Region generating large amounts of traffic is left without rail-rail competition in the general vicinity. The Association has given substantial credence to the argument that concentration of traffic flows is an important source of economies and can result in better service to shippers in the aggregate. Further, USRA tentatively has concluded that, while economies traceable to large corporate size are not obvious in this industry, economies of density are important.

Existing and Proposed Levels of Rail-Rail Competition

USRA staff has analyzed the market share of dominant railroads in counties served by candidates for consolidation. Table 1 shows the distribution of 171 counties by the rail market share of the dominant railroad, both at present and for one proposed configuration of consolidated roads. At present, the 171 counties examined in Table 1 are distributed fairly evenly across the three classifications tabled. Sixty-two counties show no railroad in possession of a dominant traffic share, defined as 70 percent of carloads generated. Complete monopoly positions in railroad traffic exist in 51 counties.

The Association's proposed three-system configuration results here in an increase in traffic dominance by individual railroads. The number of counties with no dominant railroad drops to 42, while the number monopolized by one railroad rises to 74.

TABLE 1.—Rail market dominance in 171 counties east of Ohio: ¹Distribution of counties and carloads generated ²by percentage of carloads served by dominant railroad ³—present and Three Carrier System ⁴ (proposed)

Traffic share of dominant railroad

	Less than 70 percent	70 to 99 percent	100 percent
Number of counties:			
Present.....	62	58	51
Three Carrier System.....	42	55	74
Percentage of total carloads:			
Present.....	64	28	8
Three Carrier System.....	51	32	17

¹ Eastern portion of Region only, east of Ohio/Pennsylvania border, with small number of counties excluded where no service exists by 3 candidates for consolidation.

² Carloads generated—originated or terminated.

³ Dominant railroad—railroad with highest carloads generated in county. Shares lower than 70 percent were not considered dominant and were consolidated into 1 grouping.

⁴ Three Carrier System is a proposed alternative involving consolidation of 5 carriers plus 2 systems of solvents.

Source: USRA staff analysis.

The lower half of Table 1 shows the percentage of carloads generated in various dominance classifications. The proportion of carloads in areas with 100 percent dominance rises from 8 percent at present to 17 percent under this configuration, while traffic in counties with no dominant carrier falls from 64 to 51 percent. It should be noted, however, that for this example over half the carloads generated still would be served in competitive markets, and by no means all the monopolized markets would be under the influence of the consolidated network of railroads.

A more direct measure of the degree of competition between railroads is the availability of multiple line service and reciprocal switching agreements to individual customers versus service by a single line. Table 2 shows the number of customers with service in these three classifications for selected Pennsylvania and Northern New Jersey areas. Very few customers, only 24 of 2,669, have direct connections to more than one railroad, and only another 150 are covered by reciprocal switching agreements whereby one railroad will pick up cars to exchange with a second carrier (usually) for a small fee. Fully 2,495 of the 2,669 customers have only single line service, indicating that direct rail-to-rail competition at the shipper's location is very rare, even in highly developed industrial areas such as these.

TABLE 2.—Number of customers served by railroads in the Philadelphia and Northern New Jersey areas distinguishing single line service, multiple line service and reciprocal switching service

Railroad(s)	Stations								Total
	Philadelphia	Newark	Harrison	Elizabeth ¹	Jersey City	Bayonne	Perth Amboy	Allentown-Bethlehem-Easton	
Single line service:									
B&O.....	40								40
EL.....		57	22		36				115
PC.....	859	241	23	155	65	11	6		1,360
CNJ.....		119		99		53	9		260
RDG.....	563							15	578
LV.....		30					23	60	113
Subtotal.....	1,462	447	45	254	101	64	38	84	2,465
Multiple line service (direct connection):									
PC-RDG.....	12								12
RDG-LV.....								2	2
PC-CNJ.....						1			1
PC-EL.....					1				1
CNJ-LV.....		3			1	2	1		7
LV-EL.....								1	1
Subtotal.....	12	3	0	0	2	3	1	3	24
Multiple line service—reciprocal switching:									
PC-RDG.....									
PC-LV.....		25			42		5	1	73
PC-CNJ.....					50		8		58
PC-EL.....									
RDG-LV.....								18	18
LV-EL.....								1	1
Subtotal.....	0	25	0	0	92	0	13	20	130
Grand total.....	1,474	475	45	254	195	67	52	107	2,489

¹ Includes Port Newark.

The Problem of Competitive Service to Small Shippers

Small shippers² suffer several disadvantages relative to large shippers; these disadvantages are clearest in the area of service quality. Small shippers generally are harder to serve per work unit and have less leverage over carriers than large shippers do. Understandably, therefore, small shippers may place a premium on competition, hoping that the rivalry of carriers will produce benefits that they cannot exact from a single carrier or hope to obtain by regulation alone. The large shipper, who on the surface has the most to gain from competition, may be less vociferous on the subject than the small shipper, because the large shipper can exact through leverage ("monopoly power" in the economist's jargon) what the small shipper can get only through competition or very extensive and careful public regulation. The irony is that service to large shippers may be in volume sufficient to warrant competition, while for the small shipper, competition is uneconomic under any definition.

There are three ways small shippers partially can overcome their competitive disadvantages. One is to join with other small shippers in an association, which then has total volume sufficient to achieve the advantages possessed by large shippers. Such an association can pro-

vide research services on available rates, for example, a function that a single small shipper might not be able to afford. Shipper associations also enable consolidation of shipments to achieve more favorable multiple-car rates. Second, a small shipper can locate in a market area with one or more large shippers. Proximity to major traffic generation points may result in improved service and even more favorable rates. Third, the small shipper can seek effective regulation, pursuing the rights and remedies that the applicable law and regulations afford.

Shipper Views

In order to learn more about how shippers view the advantages of competition, USRA asked one of its consultants³ to gather a group of knowledgeable shipper representatives to discuss these issues. A few of the findings are pertinent.

Shippers believe that the "personality" of the individual railroad is a significant factor in the treatment of its customers—both large and small. Some small railroads consider every account of major significance to them, are generally successful at maintaining good communications with their customers through personal contacts and achieve efficient operation in all aspects of their business over which they have control.

³ Simat, Helleeson and Eichner.

² A small shipper is defined as one who generates small volumes of carload traffic, as distinct from a shipper (large or small) of small parcels.

TYPES OF RAIL-RAIL COMPETITION

Often it is assumed that rail-rail competition exists only if a given shipper has direct access to two railroad companies. That assumption can be overdrawn. Indeed, most shippers do not have direct access to two railroads. Do they have any benefits of competition without such direct access? Surely direct access gives a shipper more leverage, but to ignore the broader implications of indirect, regional competition is to discount the essential dynamics of the American economy. Business behavior is affected by trends and innovations elsewhere in industry, and carriers in the South or West set standards of service and rates that cannot be ignored in the East and Midwest. Within the northeast Region, competition between specific points may be less relevant to the regional economy than the existence of car-

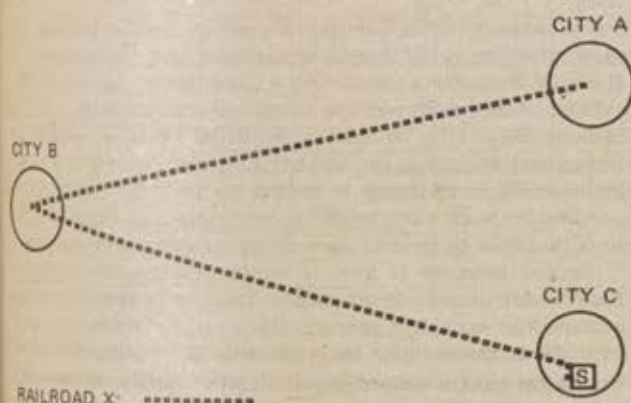
riers which are responsive to their specific (perhaps captive) shippers by virtue of corporate pride, industry-wide trends in productivity or innovation and sound financial condition.

This is another way of saying that "competition in the large" may well be a more important policy goal than retention of multiple-carrier competitive service to specific shippers—"competition in the small." Such a conclusion is particularly appropriate in an era of large, geographically diverse organizations with service patterns that are national in scope.

Because there has been a great deal of controversy about the definition of competition, and in order to show different ways in which competition could be provided, the Association has prepared the following typology.

FIGURE 1

NO COMPETITION (REGIONAL MONOPOLY)



The Region is served by a single carrier on whose lines all rail shippers are located.

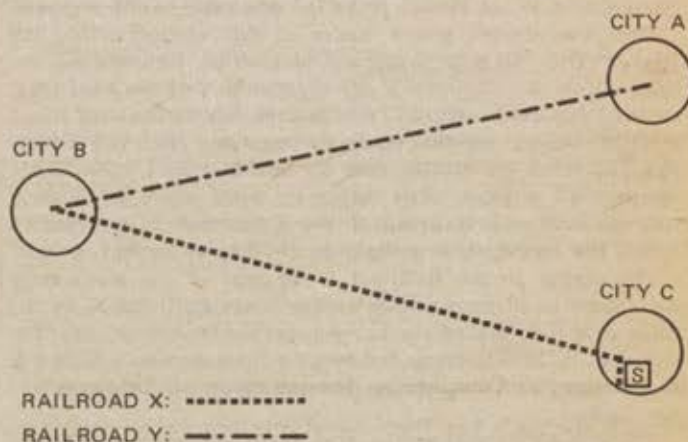
Under such a situation, the shipper(s) has no choice of rail carrier within the Region, although there is a modal choice of truck, water or air. The shipper, however, does have only a single rail carrier to deal with and a single integrated service for all of his shipments. If the carrier is well-managed, it should be able to concentrate traffic flows and provide the shipper with a high level of service.

Rates and car supply would be almost totally at the discretion of the carrier within the regulatory guidelines. With no competitive pressures from other rail carriers, the carrier might be slow to innovate with rates or equipment. Rate breaks and innovative equipment would be provided to the shipper only when it was beneficial to the railroad.

In this case the shipper, if dissatisfied with rail service, has only the options of switching to potentially higher cost modes, decentralizing to avoid long-distance transportation altogether, or going out of business entirely. These threats are unlikely to move the carrier to innovate, since only the largest and most profitable shippers can fully exercise these options while staying in business. The shipper has recourse to the regulatory process, but experience with regulatory agencies indicates that correction of service deficiencies and car supply inadequacies would be extremely slow and burdensome. Regulatory bodies can prevent certain negative actions more readily than they can promote positive improvements to the shipper.

FIGURE 2

INDIRECT COMPETITION (LOCAL MONOPOLY)



Two or more carriers, relatively balanced in terms of revenues and physical size, serve the Region but do not always serve the same city-to-city markets. The shipper is physically located on Railroad X and has no access to Railroad Y.

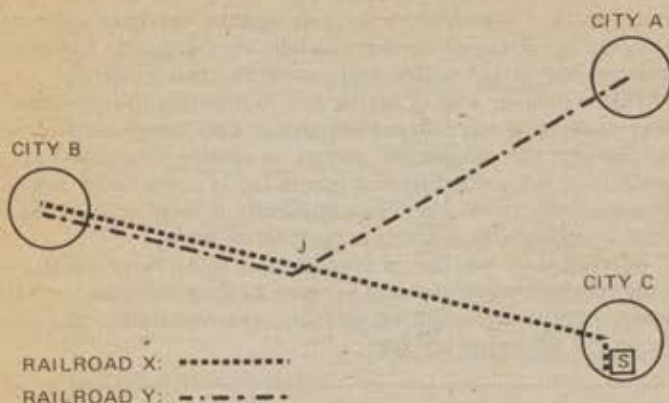
Indirect competition still gives the shipper no choice of rail carrier within the Region, but it does provide some benefits from rail-rail competition. As the carriers compete for on-line industrial location, price and equipment innovation would be used as inducements. Generalized competition in the Region tends to make individual carriers more responsive, more efficient, better managed. To the extent that the carriers are well managed, service levels to shippers should be high, as individual carriers would be able to concentrate their flows.

There would be a tendency of one carrier to emulate the innovations of the other. For example, innovations by Railroad Y can make the shipper's competitors from City A more price-competitive in City B by lowering their transportation costs. Railroad X must match or do better than this or it will lose traffic when the shipper begins to ship less because of his declining market share, relocates to maintain that share or goes out of business.

In this case, the shipper's options are changing modes, decentralizing, relocating on the competing railroad, or going out of business. The threat of relocation is particularly potent, because the serving carrier knows that his competitor will encourage that relocation. These are valid options only for the larger and more stable firms; smaller shippers benefit only coincidentally from the innovations made by the carriers.

FIGURE 3

REMOTE COMPETITION (SHORT HAUL)



Two or more carriers serve the Region and are directly competitive over certain parts of their route structure even though they do not always serve the same city-to-city markets.

Here the shipper has a choice of rail carrier within the Region. Even though physically located on Railroad X, the shipper can use Railroad Y for that portion of the haul from an intermediate junction (J) to destination. Railroad Y could actively compete for this traffic by supplying the shipper with cars in return for routing over its line. Railroad Y could not compete on a price basis, however, as it must establish a through rate with Railroad X. Since Railroad X is trying to retain the traffic, it is unlikely to participate in such a rate.

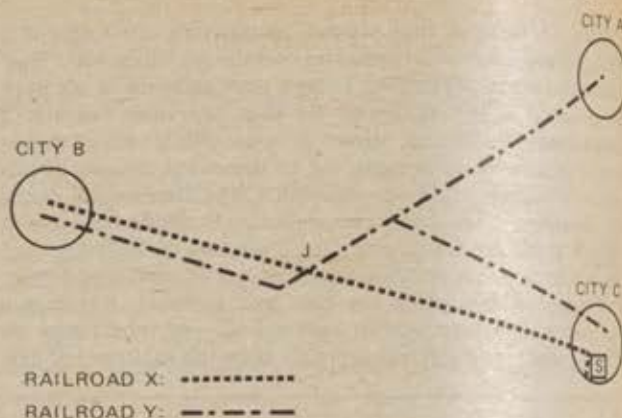
The ability to use Railroad Y for part of the move gives the shipper a direct revenue leverage over Railroad X, as the railroad can be denied revenue generated between the junction and City B. This leverage can be used to encourage Railroad X to innovate in pricing, service and car supply in order to retain the traffic.

There is a potential service cost to the shipper in doing this, as Railroad X still has control of the car over part of the move. Although it is unlikely that Railroad X would slow the service between City C and the junction—because that service involves shipments of other customers—it is possible that Railroad X would delay giving the shipper's car to Railroad Y once it got to the junction; this is the way a railroad can punish one of its shippers for "short-hauling" the railroad. Even if a delay were not deliberate, the introduction of an additional switching operation may itself cause a delay.

In this case the shipper's options include a choice of carrier. The revenue leverage inherent in that choice gives the shipper the ability to pit one carrier against another in his attempt to derive competitive concessions.

FIGURE 4

LIMITED ACCESS COMPETITION (INTERMODAL)



Two or more carriers serve the Region and generally serve the same city-to-city markets. Within the cities, these carriers serve only those shippers physically located on their respective lines.

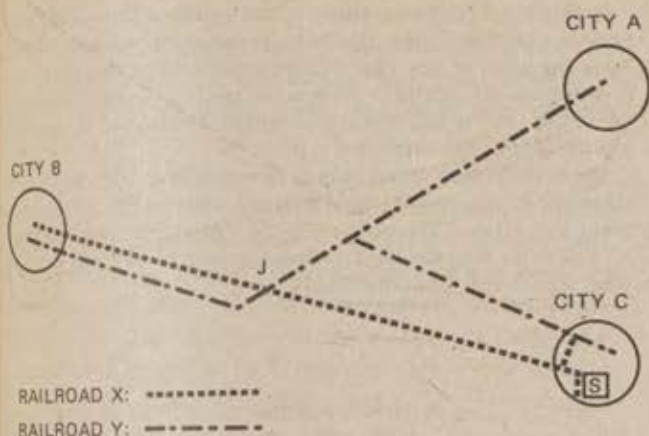
For carload traffic, Limited Access Competition presents the same situation as did remote competition; the shipper's access to Railroad Y is still at the junction. For intermodal (i.e., TOFC, COFC) traffic, however, the shipper now has a local choice of carrier. Depending on the susceptibility of his commodity to intermodal handling, the shipper now has the option of using Railroad X or Railroad Y for the entire haul. This increases revenue leverage, the ability to exert more pressure on carriers in both modes to innovate in pricing, service and car supply.

Shipper leverage is greater under this type of competition than under remote competition, but carrier counter-leverage remains the same. The carrier controls part of the carload move as it did in the previous case, but none of the intermodal move. The shipper may suffer declining levels of service on remaining carload traffic if he diverts too much traffic to intermodal service. Also, there may be an indirect service cost to be paid by all shippers for the privilege of having two (or more) railroads serving the same city. The total traffic flow from City C must be divided among competing carriers, and these lower volumes would mean less frequent dispatching of trains and fewer through trains (i.e., nonstop from City C to City B). Consequently, the overall level of service may decline.

Limited Access Competition facilitates the shipper's option to relocate because he now needs only to relocate across town to gain direct access to Railroad Y for carload traffic. With a local move, the shipper can keep the same labor force, raw material supply and distance to market.

FIGURE 5

OPEN ACCESS COMPETITION (RECIPROCAL SWITCHING)



Two or more carriers serve the Region and generally serve the same city-to-city markets. Within certain cities, all shippers have access to either carrier through an arrangement known as open (or reciprocal) switching. Under such an arrangement, the shipper located on Railroad X could specify Railroad Y as the originating railroad. Railroad Y would then deliver an empty car to Railroad X, which would switch it to and from the shipper and deliver the load back to Railroad Y for the line-haul move. Railroad X would perform these services for Railroad Y for a specified charge per car.

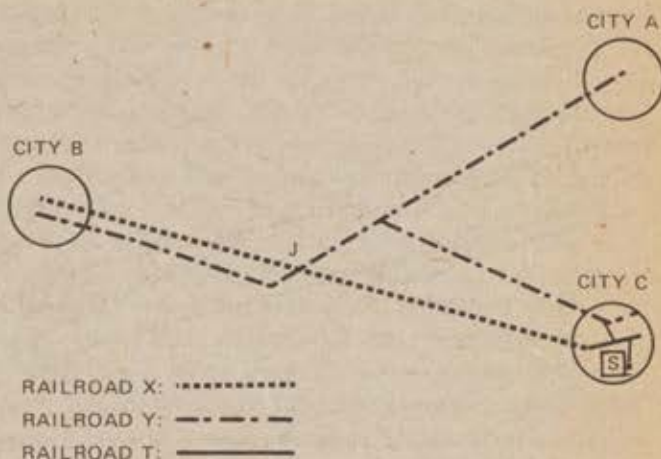
Under Open Access Competition, the shipper has a local choice of competitive carriers. This not only will provide the shipper with increased revenue leverage but also will allow Railroad Y to compete with Railroad X on the basis of rates and service as well as car supply. This increased leverage should improve the response time of the carriers, as the potential effect on revenues is significantly greater than in the cases considered previously.

The shipper may face a reduction in service associated with fragmentation of the traffic flows and potential delays resulting from the introduction of an additional interchange. The serving carriers have an incentive to delay such movements, since they face an almost total loss of revenue from that move. If the two competing railroads are performing a relatively equal amount of switching for each other, the fear of retaliation helps to prevent these semi-intentional delays. But if one carrier is predominant and does not fear retaliation by the other, the switching delays are more likely to occur.

The shipper has the ability to short-haul his serving carrier for the full length of a movement, giving him more leverage over the carrier than would competition of the types described previously.

FIGURE 6

INDEPENDENT ACCESS COMPETITION * (NEUTRAL TERMINAL COMPANY)



Two or more carriers serve the Region and generally serve the same city-to-city markets. Within certain cities, all the shippers are served by a neutral terminal (or switching) railroad (T) that has access to all the railroads serving that city (X and Y). The shipper(s) physically located on Railroad T could have that railroad switch cars to either Railroad X or Railroad Y. Railroad T would then assess a switching charge against the line-haul railroad which that carrier would absorb as a cost.

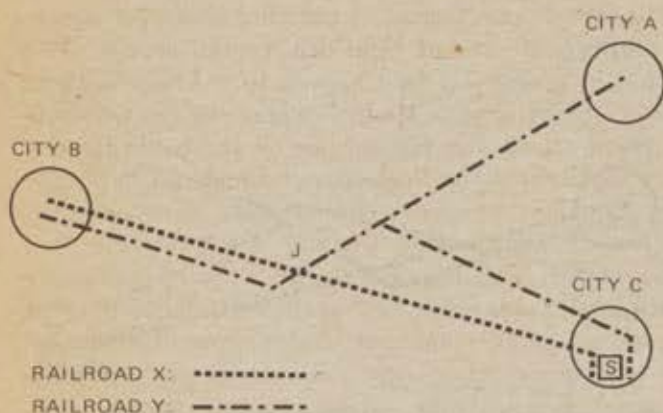
The only significant difference between Open Access Competition and Independent Access Competition lies in the neutrality of the terminal railroad (T). Since it makes no difference to Railroad T which line-haul railroad receives a car, the switching of cars should be on an equal basis. The shipper is no longer subject to counter-measures by a competing carrier in the performance of a switching move. Since the shipper's leverage cannot be counter-attacked, the shipper bears much of the responsibility for price, service and equipment innovations.

On the other hand, the shipper no longer has a single-carrier competitive option. He must deal with at least two carriers (the terminal railroad plus at least one line-haul railroad) and subject the traffic to the delays usually encountered in multiple line service.

The shipper has no more leverage than under reciprocal switching, but does enjoy neutrality in getting cars to the line-haul carriers competing for them.

FIGURE 7

MULTIPLE ACCESS COMPETITION
(JOINTLY SERVED INDUSTRY)



Two or more carriers serve the Region and generally serve the same city-to-city markets. Within various cities, certain shippers are directly served by more than one carrier. The shipper is physically located on both Railroad X and Railroad Y and has a competitive choice of carrier right at his loading dock.

Multiple Access Competition might provide a little more leverage over carriers than the two previous options. More important, the shipper has two single-carrier routing options, a substantial benefit. Multiple Access Competition provides shippers with the maximum revenue leverage and choice of services among competitive carriers.

There could be a price to pay, however. Since the shipper has fragmented the traffic, each railroad will switch the shipper's plant less often. This could result in a deterioration of the total service level because each railroad would be less interested in what now is less profitable traffic.

One shipper complained of the arrogance of a carrier that assumed its traffic to be in bondage by reason of plant locations. This carrier refused to discuss the possibility of a rate adjustment until the shipper had entered into serious negotiations with a motor carrier. A shipper noted that large firms frequently experience the same kinds of problems with railroad service that smaller companies do, particularly where decentralized facilities of major firms include individual plants which account for small volumes of freight traffic. This would seem to imply that location (a factor affecting rail operating costs) is more important than leverage.

The larger and more sophisticated shippers seem to rely on splitting traffic between competing carriers in order to obtain improved railroad performance. To split their traffic, some shippers have elaborate "report card" rating systems. Obviously large shippers are better placed to engage in this practice than are small shippers.

The shippers agreed that traffic splitting was an extensive practice that could work both for and against the shipper and the railroad. Splitting could produce better service and reward the carrier for improved service; it also could make the railroads more responsive to shipper interests. On the other hand, traffic splitting can result in lower volume and thus higher cost to both carriers, which makes each such carrier less efficient.

Traffic splitting can be used to good effect because larger shippers often feel that they know rail costs better than the railroad carriers themselves. Large shippers seem to want railroads to cover costs of all shipments and make a fair return, but they also want favorable rates for volume shipments.

These shippers sought competition among railroads and between other modes because it promotes good performance in service, cost levels, technical and mar-

keting innovation and management. Rail-rail and intermodal competition was important to companies when deciding on plant location and marketing strategies. The shipper conference concluded, however, that effective competition did not require door-to-door duplication of competing facilities; if a railroad becomes indifferent to service, these shippers contended, that railroad will be punished by systematic short-hauling to other carriers. But once again, it is the large shipper that holds this trump card.

Shippers are fearful of finding themselves with no rail service if they should happen to be on the line of a single rail carrier which fails. Thus, rail-rail competition is sought actively by companies in making plant location decisions or setting marketing strategies and production decisions, because it ensures service continuity as well as a routing option and rate leverage. Users of rail transportation generally presume that rail-rail competition is essential to them, and that the burden of proof should fall on parties advocating lessened competition rather than on those urging retention of competition.

Intermodal Competition

Intermodal competition serves many of the classic economic values achieved by intramodal (rail-rail) competition. To the extent that rail-rail competition is considered to be inadequate in the Region or to the extent that it might be reduced by consolidation, intermodal competition must be relied upon to pick up the slack.

Intermodal competition establishes an effective ceiling on rail rates and a floor under rail service quality. The marketability of railroad services is sharply constrained by intermodal competition, since no shipper

will pay a higher rate if comparable service is available elsewhere at the same or lower charge. Shippers may be willing to pay more for better service, and trucking companies can provide high quality service at cost competitive with rail over a wide range of commodities and distances. Barge lines transport bulk commodities between points on the inland waterway system at rates substantially lower than railroads can charge. Pipelines have captured nearly all of the market in long-distance transport of petroleum and petroleum products and threaten to take away coal traffic if slurry pipeline technology improves in the future. Mine-mouth power generation already has made inroads into the traditional rail business of coal transport. Great Lakes shipping has lost traffic to other modes, but still carries traffic which might have gone by rail. Table 3 shows the change in shares of the transport market realized by each of the major modes over the last half century.

There are two conflicting viewpoints from which to discuss intermodal competition. First is the broad policy issue of whether intermodal competition is effective in keeping transportation rates close to costs and ensuring good service to shippers in the absence of sufficient traffic density to warrant rail-rail competition. The second viewpoint emphasizes the marketing and financial outlook for railroad traffic and revenues; such prospects are highly dependent on the effectiveness of competition from other modes of transport.

Matters relating to intermodal competition are discussed in several other places in this report. Chapter 1 cites the rise of alternate modes and government assistance to them as one of the causes of the decline of rail-

roads; Appendix H provides estimates of the amount of such public assistance to other modes. Chapter 1 also presents an overview of the prospects for the industry. Chapter 7 introduces the possibility of substituted service by truck as a means of insuring transport service to shippers in lieu of light-density rail service. This theme is picked up in Chapter 10, "Availability of Service by Alternate Modes," where the costs of substituting trucks for rail service by the bankrupt carriers throughout the Region are estimated. Chapter 10 also provides further description of the transport capabilities of other modes. Chapter 9, "Marketing Rail Freight Service," describes the difficulty of generating rail freight revenues in view of the competition of other modes, and offers analysis of the prospects for improved service using more than one mode; Appendix F describes coordinated intermodal service more extensively. Chapter 9 and Chapter 14 incorporate traffic and revenue forecasts prepared for USRA by Temple, Barker and Sloane, Inc., as revised by the Association's staff. These estimates include consideration of expected changes in the freight modal mix.

Effects of Intermodal Competition on Railroad Rate Levels

Intermodal competition tends to result in lower freight rates. One piece of evidence is that rail average revenues per ton-mile (adjusted for inflation) are declining, yet the railroads are not winning but losing percentage shares of total traffic to other modes.

Motor carriers in particular have taken the more attractive traffic from the railroads, leaving the railroads with the so-called "railbound" commodities such as coal, grain, fertilizer and other bulk commodities.

TABLE 3
MODAL SHARE OF INTERCITY FREIGHT TRAFFIC IN THE UNITED STATES
IN BILLIONS OF NET TON-MILES

YEAR	RAILROADS		MOTOR CARRIER*		INLAND WATERWAY SYSTEM		GREAT LAKES		PIPELINES		AIR CARGO		TOTAL	REAL GNP (1958 \$) IN BILLIONS
	TON MILES	% OF TOTAL	TON MILES	% OF TOTAL	TON MILES	% OF TOTAL	TON MILES	% OF TOTAL	TON MILES	% OF TOTAL	TON MILES	% OF TOTAL		
1920	454.8	74.9	19.7	3.3	8.7	1.4	97.3	16.0	26.9	4.4	0.003	-	607.4	203.6
1925	338.8	62.4	52.8	9.7	19.9	3.7	76.3	14.0	55.6	10.2	0.012	-	543.5	209.4
1930	645.4	69.5	59.8	6.5	26.4	2.8	122.2	13.1	75.1	8.1	0.034	-	929.0	257.8
1935	664.5	66.3	102.1	10.0	34.5	3.4	112.2	11.0	105.2	10.3	0.16	0.01	1,018.7	300.9
1940	823.4	64.3	194.6	17.0	63.8	5.6	104.8	8.1	157.5	13.8	0.41	0.03	1,144.3	395.1
1945	608.3	46.8	254.2	19.0	114.6	8.6	117.3	8.8	222.7	16.7	.57	0.06	1,335.6	452.5
1950	600	43.8	309	22.5	133	9.7	90	6.6	238	17.3	1.3	.09	1,371	529.8
1955	731.2	41.4	388.5	22.0	174.0	9.9	107.0	6.1	361.0	20.5	2.59	0.15	1,768	675.2
1960	771.0	39.8	412.0	21.3	204	10.6	114	5.9	431.0	22.3	3.3	0.17	1,935.9	722.5
1965	746	38.2	445	22.7	210	10.7	106	5.4	448	22.9	3.5	0.18	1,954	746.3
1970	784.3	37.8	470.0	22.6	229.8	11.1	108.9	5.2	480.0	23.1	3.7	0.18	2,076.7	792.7
1973 (P)	860.0	39.7	510.0	23.0	237.0	10.7	114.0	5.1	495.0	22.3	4.2	0.2	2,220.2	839.2

* Includes both for-hire and private carriers.
P - preliminary figures

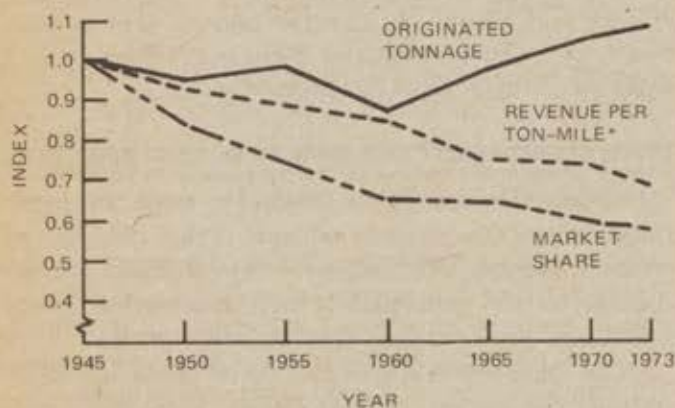
SOURCES:

American Trucking Association, Inc., *American Trucking Trends - 1973*
American Waterway Operators, Inc., *Inland Waterborne Commerce Statistics*
Association of American Railroads, *Yearbook of Railroad Facts, 1974* edition
and *Railroad Transportation, A Statistical Record 1921-1959*, Washington, December, 1960
Interstate Commerce Commission, *Intercity Ton-Miles 1939-1959*, Washington, April 1961
Transportation Association of America, *Transportation Facts and Trends*, Tenth Edition, Washington, July 1973

Rails have lowered rates on even these commodities in an effort to prevent further erosion. As a result, total tonnage originated has been at a fairly constant level over the post-war period, but constant dollar average revenue per ton-mile has declined. These relationships are shown in Figure 8. To re-emphasize, declining average revenue per ton-mile is due both to changes in the mix of rail traffic and to decreases in rates on many bulk commodities kept by rail.⁴

FIGURE 8

U. S. CLASS I RAIL CARRIERS
TRENDS OF ORIGINATED TONNAGE,
MARKET SHARE AND REVENUE PER TON-MILE
IN CONSTANT DOLLARS*
1945-1973



*DEFLATED WITH THE 1967 WHOLESALE PRICE INDEX

SOURCE: AAR, FACTS AND FIGURES; TAA
TRANSPORTATION FACTS AND TRENDS

Economist Ann Friedlaender offers another piece of evidence on the efficacy of intermodal competition. In *The Dilemma of Freight Transport Regulation*,⁵ Friedlaender gives examples from congressional testimony in which rail rates were 55 percent lower in the presence of water competition for numerous commodity classes than would be experienced in the absence of competition. These data are more than 10 years old, but the point remains valid. One extreme example involved aluminum billets from Riverdale, Iowa to points in Arkansas (rail only) and Texas (rail and water). Although the Texas destination was 94 percent farther than the Arkansas destination, the water-competitive rail rate was only 40 percent as large as the noncompetitive destination rate.

⁴ Between 1953 and 1966 rail average revenue per ton mile decreased in absolute terms (current dollars). Since 1966, the rate level has increased gradually in current dollars but is hardly changed in constant dollars. For example, the 1973 average was 29 percent above the level prevailing in 1966. Even more striking, the 1973 average was only 12 percent above the 1959 level.

⁵ Ann F. Friedlaender, *The Dilemma of Freight Transport Regulation*, (The Brookings Institution, 1969).

More recent evidence of the influence of competition in holding down the level of rates was made available to a USRA consultant by the U.S. Army Corps of Engineers, which is conducting an analysis of the extent to which waterway operations in the Southwest have served to hold down rail rate levels. Table 4 shows rail rates for selected iron and steel commodities in 1972 before and after the opening of waterway service competitive with railroads. Average reductions in the range of 15 to 20 percent were the rule.

Cost Advantages: Different Modes and Markets

Railroads function in the middle of a spectrum of transport costs. The lower end of the spectrum is inhabited by pipelines and waterway carriers. These modes are capable of accommodating shippers with cost structures lower than the rails and with different, generally slower, service characteristics due to limited route structure and commodity capability. At the higher end of the spectrum is the motor carrier: trucks generally charge rates higher than rail rates but offer faster point-to-point speeds, smaller loadings, some improvement in shipment loss and damage and route flexibility.

Alexander Morton has shown that major portions of present rail traffic are susceptible to diversion by motor carriers. Trucks are especially strong competitors for manufactures. Morton concluded that competition between the modes exists across a broad front of traffic. Either mode can divert substantial amounts of manufacturing traffic from the other.⁶

⁶ Alexander L. Morton, "Intermodal Competition for the Intermodal Transport of Manufactures" in *Land Economics*, Vol. XLVIII, No. 4 (Nov., 1972).

FULL DISTRIBUTION COSTS

Although rail transportation offers cost advantages for intermediate and long hauls, it has fallen short in service and reliability. Shippers have become more sophisticated with respect to understanding total production and distribution costs and as a result are willing to pay higher transport costs of motor carriers in order to achieve overall inventory or final distribution economies. In addition to these internal production cost relationships are the broader effects of changing raw material sources, marketing patterns and consumer demand. Many shippers already have designed their distribution systems so that higher-value, time-sensitive goods will move by truck, while a base volume of lower-value goods continues to move by rail. Accordingly, any programs or projects which could improve rail service and reliability will make rail service increasingly attractive to shippers.

TABLE 4.—Selected railroad rate reductions resulting from new waterway competition

Commodity	Origin-destination	Rate in cents/hundredweight		Reduction in percent
		Before competition	After competition	
Iron rods	Birmingham, Ala.-Fort Smith, Ark.	90	72	20.0
Steel bars	Minnequa, Colo.-Tulsa, Okla.	95	76	20.0
Steel plate	Elk Grove Village, Ill.-Jacksonville, Ark.	97	77	20.6
Steel sheets	Allenport, Pa.-Tulsa, Okla.	143	121	15.4
Rough iron castings	Wheeling, W. Va.-Tulsa, Okla.	139	115	17.3
Coiled sheet steel	Chicago, Ill.-Fort Smith, Ark.	105	85	19.0
Steel plate	Wheeling, W. Va.-Little Rock, Ark.	125	103	17.6
Hot rolled sheets	Youngstown, Ohio-Tulsa, Okla.	141	118	16.3
Coiled sheet steel	Pittsburgh, Pa.-Tulsa, Okla.	143	121	15.4
Steel sheets	Cleveland, Ohio-Tulsa, Okla.	133	110	17.3
Coiled sheet steel	Vicksburg, Miss.-Tulsa, Okla.	82	67	18.3
Steel shapes, unfinished	Lone Star, Tex.-North Little Rock, Ark.	48	40	16.7
Steel sheets	Shreveport, La.-Little Rock, Ark.	46	37	19.6
Coiled sheet steel	Dallas, Tex.-Fort Smith, Ark.	57	45	21.1
Steel plate	New Orleans, La.-Fort Smith, Ark.	91	74	18.7
Steel beams	Birmingham, Ala.-Little Rock, Ark.	67	60	10.4
Steel beams	Birmingham, Ala.-Fort Smith, Ark.	90	76	15.6
Steel angles	Minnequa, Colo.-Muskogee, Okla.	100	83	17.0
Steel beams	Kansas City, Mo.-Fort Smith, Ark.	58	50	13.8
Steel plate	Crescentville, Pa.-Tulsa, Okla.	181	152	16.0
Steel rods	Tulsa, Okla.-Chicago, Ill.	105	101	3.8
Coiled steel sheet	Milwaukee, Wis.-Little Rock, Ark.	105	89	15.2
Coiled steel sheet	Pittsburgh, Pa.-Fort Smith, Ark.	141	121	14.2
Steel bars	Atlanta, Ga.-Tulsa, Okla.	123	103	16.3
Steel rebar	Sand Springs, Okla.-New Orleans, La.	68	61	10.3
Steel shapes	Chicago, Ill.-Tulsa, Okla.	105	70	66.7

NOTE.—Selected commodities are a representative sample of many railroad commodities susceptible to intermodal competition from barge lines.

Source: Sample made available to USRA consultant Simat, Hellieson & Eichner in worksheet form by U.S. Army, Corps of Engineers, Southwestern Division, Dallas.

Morton's study found motor common carrier rates averaged only 18 percent more than rail rates on shipments of manufactures of equal weight and length of haul: such shipments accounted for 30-35 percent of highway ton-miles. The study concluded that about 40 percent of manufacturing tonnage is subject to effective intermodal competition between regulated motor carriers and railroads, and that is a lower bound.

A study by the Association of American Railroads (AAR) compared truck costs with a sample of rail rates for certain commodity groups. On canned goods moving between 1,100 and 1,500 miles, the rail rates were 2.6 to 2.7 cents per ton-mile compared to a private truck cost of 2.4 cents per ton-mile with a 25 percent empty backhaul.⁷ On steel moving distances of 900 to 1,050 miles, rail rates were 2.8 to 3.1 cents per ton-mile. This compares with the cost of an "owner/operator" truck of 2.3 cents with a 25 percent empty backhaul and 3.2 cents with a 75 percent empty backhaul. In all cases, the motor carrier costs would have been still lower if they had been computed at the 80,000 pound minimum weight limit recently authorized by Congress.

Competitive Advantages and Alternate Modes

This section describes various characteristics of the three modes most competitive with rail: trucking, water

transport and pipelines. Further discussion of these characteristics appears in Chapter 10. Table 5 displays modal market shares for 14 key commodities. This list excludes pipelines, which specialize and predominate in transport of petroleum and natural gas products.

Trucking

Operating Characteristics.—Motor carriers can be classified on many bases, among them the three operating characteristics—size, service area and service type. Their size can range from the individual owner/operator to the large well-known interstate common carriers. Their service area can range from a single small municipality to all of the United States. The type of service can range from special commodity haulers, such as cement or steel carriers, to common carriers of general commodities.

Regulation.—The motor carrier industry can be divided further on the basis of economic regulation—exempt, contract and common carriage. Carriage exempt from ICC regulation accounts for up to 60 percent of the ton-miles moving in interstate commerce. Exempt carriers are not constrained by rate or other economic regulation when carrying raw agricultural commodities, livestock, fish, newspapers, goods moving to and from agricultural cooperatives and certain other miscellaneous cargoes, or when operating within a single locality.

Private and contract carriage also do not fall under ICC regulation. Private carriage, another category of

⁷ Association of American Railroads, *Selected Staff Studies Group Memoranda*. Rail rates can be compared with private truck costs because shippers large enough to operate private truck fleets will experience this level of transport expense, whether provided internally by truck or purchased from rail carriers.

TABLE 5.—Domestic intercity freight tonnage
1970 Modal market share (percent)

	Rail-roads	Private and for-hire trucking	Water
Agriculture	34.8	56.6	8.3
Iron ore	52.6	7.3	39.9
Coal	78.0	9.1	12.9
Food and drugs	33.4	62.8	3.6
Textiles	6.7	92.4	.1
Lumber	46.9	18.5	34.5
Paper products	56.6	39.1	4.1
Chemicals	43.1	44.0	12.7
Stone, clay, glass	36.0	62.3	1.6
Iron and steel	36.6	53.1	10.1
Nonferrous metals	45.2	49.3	5.3
Fabricated metals products	22.9	75.8	.8
Motor vehicles	32.5	65.6	1.6
Scrap	82.6	5.5	12.0

Source: *Transportation Projections 1970-80*, U.S. Department of Transportation, July 1971.

exempt motor carriage, involves the operation of a truck fleet by firms for the movement of their own raw materials and products. Contract carriers operate under contract to one or more persons or firms to supply the exclusive use of vehicles or services to meet the purchaser's particular needs. They fulfill many of the same functions and often replace private carriage. In 1970 almost half of all intercity freight ton-miles moved by non-regulated for-hire carriers or by private carriers transporting their own goods. Of a total U.S. truck fleet of 21 million vehicles in 1972, the combination tractor-trailer units were the most competitive with railroads. There are about one million of these units, approximately 4.7 percent of all trucks, and more than half are in private fleets.

Common carriers engaged in interstate or foreign commerce are required to serve all shippers, under rules and regulations set by the Interstate Commerce Commission. The ICC grants operating rights to common carriers which may specify the routes, terminals and commodities allowed to each carrier. The regulated segment of the industry handled less than a third of the ton-miles of intercity truck transport in 1970.

Exempt and irregular-route common contract carriers typically haul full truckload traffic while regular-route common carriers usually handle less than truckload (LTL) traffic as well. The nonregulated and private carriers provide the strongest competition for the railroads.

There are approximately 25,000 owner-operators of trucks which haul both exempt and regulated commodities. Nearly half these operators achieve 125,000 miles per power unit per year, compared with regulated carriers which average approximately 65,000 miles per

year. Owner-operators maintaining no terminals, carrying no insurance and avoiding other services, have costs generally below those of large motor carrier companies.

Use of Public Highways.—New and improved highways provide shorter, faster routes between significant market areas, contributing to better equipment use and lower direct operating costs. Urban feeder highways are being improved along with the Interstate Highway program. These urban feeder changes will hold down truckers' pick up and delivery costs even more. In addition, dedicated rights of way for trucks and buses are a distinct possibility in the future.

The cost to the rail industry for the maintenance of its right of way and the interest charges it carries to own and upgrade that right of way have more than doubled over the last two decades and may double again within the next decade. If rail traffic volume cannot be increased sharply, rail unit costs will continue to rise rapidly, and the rail industry will become even less competitive for traffic which can be accommodated by trucks.

Technical Improvements.—The rail industry will be affected competitively by other changes in motor carrier efficiency. Technical improvements in truck engine performance, streamlining and the use of radial tires will result in lower motor carrier operating costs. But most important, potential legal changes which would permit higher operating weights would reduce truck costs and weaken the competitive position of the rail industry wherever both modes can handle the same products.

Water Carriers

The second major mode which competes with the railways is the water carrier, which moves approximately 80 percent of its tonnage through mid-America and along the Gulf intercoastal system. Federal funds have been spent for the direct benefit of the inland waterway system, including several billion dollars since the turn of the century. Locks and dams were built, sharp river bends minimized and channels dredged. In addition, major improvements, expected to cost several billion dollars, are currently under way within the Region.

Technological improvements such as improved hull designs, more powerful towboats and better navigational aids also are taking place. Operators are experimenting with 30 barge tows on the upper Mississippi system. On the Great Lakes system, bigger ships are being introduced, and the navigation season is being extended. There are reasonable prospects that year-round operation will be possible in the future.

Barge lines and railroads compete primarily on the basis of price. Given expected improvements in lock size and channel depth as a result of direct federal expendi-

tures and the expected growth of tow sizes, water carrier costs may be reduced by up to 25 percent.⁸ Due in part to this form of federal support, it is significantly less costly to ship by water if shipments are in very large volumes and between points on or very close to the waterways.

Diversion of freight from rail to water is a response to changes in rates, and the potential for greater diversion has required lower water-competitive rates to retain certain rail movements. The financial condition of rail carriers in the Region, therefore, is affected by the generally low level of their own water-competitive rates and further competitive pressures seem certain.

Furthermore, declining barge transportation costs induce industry to relocate along the waterways and away from railroads. This has been particularly true of large manufacturing plants such as chemical and sugar refineries which are bulk shippers well served by water carriers.

Pipelines

The pipeline mode, ideally suited to moving large volumes of liquid or gas, has exhibited rapid growth. Today there are 220,000 miles of oil pipelines and 250,000 miles of gas pipelines in the United States.

Although there are no slurry pipelines at present within the Region, interest has been shown in transporting solids, particularly coal, by this mode. Large deposits of coal, combined with adequate water supply suggests that this mode may increase in importance as a competitive force. Pipeline advantages are minimal environmental impact, reduced energy requirements, low unit operating expenses and high reliability.

Regulation

Many economists and others believe ICC regulation has inhibited the railroads from adjusting their rates to reflect cost or service advantages and thus hindered their ability to compete effectively with the other modes of transportation. Recent proposed legislation would allow railroads to lower their rates so long as variable costs are covered. In years past, the ICC has at times protected water and motor carriers through "umbrella" rate making and has refused to allow railroads to take advantage of lower variable unit costs by reducing rates, even when long term variable costs indicated that rail was the more efficient mode.

As mentioned above, common carriers operate under a mandate to maintain proper standards of service (price, quality, frequency, etc.) while the franchises (i.e., restrictions on further entry) are supposed to help assure adequate profits and industry stability. Regulation, affecting as it does price and service competition between railroads and other modes of transportation,

often is thought to thwart realization of the broad goals of common carriage—thus continuing misallocation of transport resources.

The ICC's early disinclination to approve railroad rate cutting efforts aimed at winning traffic back from the trucks has contributed to the present financial plight of the railroads. It then was believed that the trucks probably would match the railroads' rate reductions and continue to compete with the rails at the reduced rate levels by cutting back services or forcing rate increases to smaller shippers and areas of lesser traffic volume. If the trucks successfully lowered their rates to meet rail rate reductions, the rails would have lost revenue on this competitive traffic, and might try to compensate by increasing rates on routes not subject to competition. "As a result, the Commission often found such proposed rate changes, either truck or rail, to be destructively competitive and in violation of national policy."⁹

Common carriage has declined during the post-war years, led by the decline in railroads—the principal totally regulated surface mode.¹⁰ At the same time, the combination of advantages inherent in trucking and frequently restrictive conditions on motor common carriers (routes, commodities and backhaul operations) has contributed to the rapid growth of private, contract and exempt motor carriage markets. As a result, the regulated motor carrier share of the trucking market has declined relative to private and contract truckers and motor carriage of exempt commodities.

Moreover, regulation has tended to aggravate the misallocation of transportation resources. Exempt and private truckers are free from economic regulation, but they are not allowed to carry payloads of regulated commodities when returning from their destinations. Common carriers may be hampered by restrictions limiting what they can handle and similarly may experience empty backhauls. These factors have increased highway congestion and energy use.

Conclusion

There is a delicate balance between the perceived cost of transport service provided by rail and by competitive modes. This balance shifts with the type of commodities transported, length of haul and the climate created by public policy. Intermodal competition is an adequate substitute for rail-rail competition in many markets. As transport technologies and public policies change, the number and character of markets competitive between rail carriers and other modes also changes. In general the trucking mode is becoming competitive

⁸ Robert A. Nelson and William R. Greiner, "The Relevance of the Common Carrier Under Modern Economic Conditions," in *Transportation Economics* (National Bureau of Economic Research, 1965), p. 369.

¹⁰ The *ASTRO Report* noted that "an estimated 75 percent of today's rail traffic could move without such regulation on at least one other mode."

⁹ *Freight Transportation: Future Modal Competitiveness*, a study performed for USRA by Reeble Associates.

with rail for more and more types of shipments. If this trend continues, there will be less need for rail-rail competition as a guarantor against monopolistic abuses because trucking alternatives will be readily available. Increasing intermodal competition also hurts railroads' financial condition, leaving the rail industry less able to suggest multiple carrier service between any two market areas, at the same time that the need for rail-rail competition has diminished.

Intermodal competition may not be capable of producing some of the benefits associated with rail-rail competition, as discussed in the first section of this chapter. Those benefits probably can be derived from indirect rail-rail competition, however, as well as from direct competition. If that is the case, as it probably is, the steadily advancing efficacy of intermodal competition will reduce the benefits of having multiple rail-

roads exist in the same markets. These developments will strengthen the tentative conclusion that indirect rail-rail competition fulfills the Act's competitive mandate in most markets.

Much of the high rated traffic, the "cream" that the trucks and the rails have squabbled about, has been skimmed from the common carrier system altogether. The ICC must attempt to balance the competing interests of various regulated modes while recognizing the increasing competitive pressure from unregulated carriage, an effort which offers no hope for an easy solution. If such a balance cannot be achieved, with respect to both market access and rate levels, the ultimate responsibility for supporting the common carrier system will shift from the private consumer to the public taxpayer, and control of that system will shift from private enterprise to government.

9

Marketing Rail Freight Service

Over the last 50 years, the competitive posture of the railroad industry has been declining, particularly in the Northeast and Midwest Region. ConRail, as a future participant in this market, must be able to reclaim lost revenues if it hopes to achieve financial self-sufficiency. The long-term growth prospects for the rail industry look moderately favorable. It is essential, however, for ConRail to build on its strengths, develop new markets and prepare to compete with alternative modes.

This chapter analyzes the existing and projected transportation market for the Region to be served by ConRail and details opportunities for service improvement and revenue expansion.

The Association believes significant gains can be made in both the long and short term by adopting an aggressive and reasoned rail marketing strategy. Such a program is crucial to ConRail's future. This chapter discusses those strategies, including particular reference to improved intermodal coordination of services—a topic presented in detail in Appendix F.

The goal of all private corporations is to earn a profit sufficient to replace the assets consumed in production and expand the business in response to new market demands. Revenue generation, of course, is a key component of profitability. The Association, after a thorough review of the Northeast transportation market, has concluded that significant opportunities are available for improving the freight revenue of the six carriers who are potential members of ConRail.¹ Freight revenue of \$2,353 million in 1985 is forecasted for these six roads. This is an increase of \$454 million or 24 percent over 1973. During this same period tonnage is expected to increase from 352.2 to 416.79 million tons, an increase of 18 percent. This results in an annual growth rate of 1.41 percent.

The revenue growth projected for these carriers is not constant between 1973 and 1985. Revenue in 1975 and 1976 is expected to be 4.3 percent and 1.8 percent lower than 1973 because of the present downturn in the economy and the expected slow recovery.

The long-term growth predicted by the Association reflects a belief that the upward trend in rail revenue and tonnage which began in 1972 can be maintained through the 1980's. Between 1955 and 1971 Eastern District rail-originated tonnage with some exceptions, evidenced a fairly steady decline. In 1972, this trend was reversed and tonnage began a slow upward climb. Excepting major fluctuations in the economy, the Association believes this upward trend will continue in the future for several reasons:

- Normal economic growth of the Region.
- Aggressive marketing programs.
- Improved service.
- Projected price adjustment.
- Diversion of traffic to more profitable routes.

The longterm economic growth of the Region, particularly for rail-oriented commodities, is encouraging. Because of the current energy shortage and the proposed relaxation of air pollution regulations, national production of coal is predicted to increase 33.1 percent between 1973 and 1980 and 31 percent between 1980 and 1985 whereas over the previous eight years coal production only increased 7.4 percent. Coal accounts for over 50 percent of the expected growth in ConRail tonnage.

The tonnage increase in commodities other than coal will have a compound annual growth rate of .99 percent. This compares with an annual growth rate of approximately .85 percent for the previous five years. The major components of the increase are primary metals, automobiles, chemicals, paper products, food and TOFC traffic.

¹ The Erie-Lackawanna has not been included in this forecast. All revenue figures are in constant 1973 dollars. Tonnage figures contain some "double counts" of traffic moving between the six railroads.

The Association has made a thorough review of the marketing programs of the six carriers. This review indicates that vigorous application of the present rail marketing strategies can sustain the projected traffic growth. These strategies include the increased use of unit and mini-trains, the expansion of bulk distribution facilities such as Penn Central's "Flexi-flo" terminals and the continued development of piggyback traffic. Application of these strategies along with the service improvements made possible by the rehabilitation program discussed in Chapter 6 will be significant factors in traffic development.

Revenue growth will also be improved through the \$64.4 million in short-term rate increases that the Association has recommended. These increases are necessary to bring non-compensatory traffic up to a "break-even" basis. For the longer term, a thorough review of the rail price system to put it on a more realistic cost and competitive foundation will undoubtedly improve future profitability.

Additional revenue will also be generated through the diversion of traffic to the most profitable long-haul routes. For the Three Carrier System structure recommended in the report, it is estimated that ConRail will gain an additional \$32.8 million annually from diversion of traffic to the higher revenue routes.

In sum, the forecasted increases in revenue and tonnage can be achieved if the major strengths of the railroad are fully exploited, primarily its ability to provide low cost transportation over intermediate and long distances. The railroads have been particularly successful in exploiting this strength for the movement of bulk materials, such as coal, grain, iron ore, sand and gravel, pulp and paper products and lumber. The fact that railroads have over 56 percent of the market for motor vehicles and parts indicates that they can also compete effectively for time-sensitive commodities when they move in large volumes. The ConRail carriers must compete vigorously only in those markets where they have a price-service advantage.

The Regional Transportation Market

The Midwest and Northeast Region occupies little more than one-seventh of the continental United States but accounted for over half of U.S. economic activity in 1970. This is due to the Region's high degree of specialization, manufacturing and the availability of a full range of services. In support of this activity, about 4.95 billion tons of freight movements originated in the Region, representing 44 percent of total domestic freight in the United States. Freight tonnage terminating in the Region is slightly higher because of the character of the Region's primary economic activity—transforming raw materials and farm or mining products into processed goods to be sent throughout the nation and the world.

Table 1 summarizes 1973 traffic data for the railroads which are candidates for reorganization under the Regional Rail Reorganization Act of 1973. (The Erie Lackawanna has not been included.) These carriers handled 6.9 million cars with over 350 million tons in 1973. This traffic produced freight revenues of approximately \$2 billion. Coal is the dominant commodity, accounting for 27 percent of the tonnage and 12 percent of the revenue. The other major commodities are transportation equipment (12.8 percent of revenue), food (10.5 percent), primary metal products (9.1 percent) and chemicals (8.0 percent).

The Penn Central Transportation Company is by far the largest potential member of the ConRail System, accounting for more than 90 percent of the revenue and tonnage. The Penn Central serves over 100,000 separate customers. However, the largest 125 firms furnish approximately 60 percent of its freight revenue. During 1973, the Penn Central had 294 customer accounts with gross freight revenues exceeding \$1 million annually. Thus, although the Penn Central serves an extremely large number of industries, a very small percentage of these firms generate the majority of Penn Central's revenue.

Penn Central is one of the largest coal-originating rail carriers in the United States. Coal accounts for approximately 29 percent of PC tonnage and 12 percent of its revenue. In 1973, 38 electric utility plants depended on delivery by Penn Central for a portion of their coal supply and 21 of these plants were served solely by the Penn Central. The next two largest commodities in its traffic base are metals (including scrap), which are 14 percent of both tonnage and revenues, and ores, which are nine percent of tonnage and four percent of revenue. Automobiles and auto parts are also very significant in the Penn Central traffic mix since they constitute 17 percent of revenues. Penn Central serves 20 of the 51 automobile assembly plants in the United States.

Only one-third of Penn Central's traffic originates and terminates on-line; almost two-thirds is interline with 35 percent originating and 23 percent terminating on another carrier. Ten percent both originates and terminates on other carriers (bridge traffic).

The Reading Company serves a much smaller territory than the Penn Central. Approximately 65 percent of its traffic is received from connections. Reading's on-line traffic base is derived from the steel industry. Two steel mills provided 22 percent of carloads handled and

TABLE 1.—1973 annual commodity statistics of the potential ConRail members

Commodity	STCC	Carloads	Percent	Tonnage	Percent	Revenue	Percent
Farm products.....	01	223,005	3.2	12,495,587	3.6	\$85,602,318	4.3
Forest products.....	08	5,563	~0	213,936	.06	2,297,418	.11
Fresh fish and other marine products.....	09	716	~0	26,342	.01	133,858	.01
Metallic ores.....	10	413,499	5.9	33,851,888	9.6	91,318,351	4.6
Coal.....	11	1,208,161	17.4	95,567,743	27.1	243,802,023	12.2
Crude petroleum, natural gas, and gasoline.....	13	320	~0	28,772	.01	121,042	.01
Nonmetallic minerals.....	14	272,485	3.9	20,771,810	5.9	56,662,937	2.8
Ornament and accessories.....	19	4,392	~0	213,467	.06	3,096,948	.15
Food.....	20	627,794	9.1	25,621,499	7.3	210,567,943	10.5
Tobacco products.....	21	6,196	~0	181,359	.05	2,403,787	.12
Basic textiles.....	22	24,809	.3	409,024	.12	5,756,686	.29
Finished textile products.....	23	9,482	.1	219,195	.06	2,720,033	.14
Lumber and wood (except furniture).....	24	231,849	3.3	9,173,336	2.6	66,530,588	3.3
Furniture and fixtures.....	25	94,569	1.4	807,716	.23	16,528,301	.83
Pulp, paper.....	26	538,714	7.8	21,092,395	6.0	121,579,995	6.1
Printed matter.....	27	5,596	2.0	158,551	.05	2,252,674	.11
Chemicals.....	28	367,115	5.3	22,409,926	6.4	159,251,831	8.0
Petro and coal products.....	29	244,421	3.5	12,579,506	3.6	66,418,976	3.3
Rubber and miscellaneous plastics products.....	30	97,340	1.4	1,578,145	.45	24,631,555	1.2
Leather.....	31	1,470	2.0	22,523	.01	345,382	.02
Stone, clay, glass.....	32	313,245	4.5	16,948,184	4.8	81,040,259	4.1
Primary metal products.....	33	437,347	6.3	28,641,640	8.1	182,746,087	9.1
Fabricated metal (excluding machinery, transportation).....	34	131,870	1.9	4,717,380	1.3	38,710,005	2.0
Machinery (excluding electrical).....	35	46,590	0.7	1,042,433	.3	19,092,422	.95
Electrical machinery.....	36	115,800	1.7	1,668,595	.48	39,018,634	2.0
Transportation equipment.....	37	613,062	8.8	14,243,784	4.1	255,491,544	12.8
Instruments, watches, clocks.....	38	1,937	2.0	35,387	.01	792,206	.04
Stochastic products of manufacturing.....	39	24,249	0.4	320,074	.09	7,248,518	.36
Waste and scrap materials.....	40	342,342	4.9	17,521,807	5.0	83,001,950	4.2
Miscellaneous freight shipments.....	41	14,878	0.2	248,910	.07	3,723,690	.19
Empty containers.....	42	17,508	0.2	267,782	.08	3,298,028	.16
Freight forwarder traffic.....	44	81,959	1.2	1,244,422	.35	24,569,639	1.2
Shipper association traffic.....	45	139,932	2.0	2,347,973	.67	35,214,248	1.8
Miscellaneous mixed shipments.....	46	269,940	3.9	5,377,768	1.5	62,459,195	3.1
Small packaged freight shipments.....	47			32,455	.01	848,200	.04
Total.....		6,928,035	100.0	352,109,514	100.0	1,999,368,441	100.0

Source: 1973 Annual Commodity Statistics furnished the ICC by the PC, RDG, LV, CNJ and AA. The L&HR is not included because it is a Class II carrier and is not required to file this report with the ICC.

three of the company's top 10 customers are steel producers. In addition to steel, Reading's principal commodities are coal, ore and chemicals. Together, these commodities represent 60 percent of tonnage and 50 percent of total revenue.

The *Lehigh Valley* is a longer-haul mainline carrier connecting two major markets—metropolitan New York/New Jersey and the Buffalo/Niagara Falls area. Seventy-five percent of the LV's traffic is interline. Its major on-line sources include anthracite coal mines, limestone quarries, steel mills, cement producers, some food plants and one large volume paper manufacturer. In tonnage, the primary commodities are coal, ore, metals, paper and food. Combined, they constitute 60 percent of total tonnage and 55 percent of total revenue.

The *Central Railroad of New Jersey* is essentially a terminal carrier with a traffic base that is highly dependent upon its rail and water connections. The most important traffic-generating sources are sand from southern New Jersey, used for both construction and industrial purposes, and rock from northern New Jersey. Its principal assets are the large population centers it serves, the major port facility located at Port Newark, and the highly developed chemical industry located in north central New Jersey. Major commodities transported by this carrier are sand, gravel and chemicals which combined account for 40 percent of its revenue.

Freight Revenue Forecast

A revenue and tonnage forecast is an essential element in railroad planning and budgeting. It is also the basis upon which profitable operating and marketing strategies are designed. Any forecast is also, of course, the best estimate at a particular time of what will happen in the future. At the time this forecast was prepared the economy was undergoing constant and dramatic change. Recently automobile and steel production have fallen sharply and housing starts are below normal. The

energy crisis and inflation continue to be problems and the public policy towards these areas is not yet clear. Because of these factors, the forecast discussed below should be viewed as preliminary. It will be modified as changes in the economy become more evident and public policy becomes more clearly defined.

Tables 2 and 3 contain the revenue and tonnage forecast for the six ConRail carriers for 1976 to 1985. The revenue is shown in constant 1973 dollars. The most important conclusions of this forecast are:

- Freight tonnage is expected to increase from 352.2 million tons in 1973 to 416.8 million tons in 1985, an increase of 18 percent. The compound annual growth rate is 1.41 percent.
- Coal tonnage accounts for over 50 percent of the growth.
- Commodities other than coal will have a compound annual growth rate of .99 percent. This compares with an annual growth rate of .85 percent for the previous five years.
- Freight revenue (in millions of 1973 dollars) is expected to increase from \$1,893 in 1973 to \$2,353 in 1985, an increase of 24 percent.
- Trailer-on-flat car (TOFC) revenue is expected to increase \$126 million from 1973 to 1985; coal revenue is expected to increase \$88 million in this period.
- Tonnage growth accounts for \$339.6 million of the additional revenue. Rate increases provide \$64.4 million and traffic diversion accounts for \$50 million. (This assumes all six carriers are combined into one company.)

The forecast shown in Tables 2 and 3 is a modification of a forecast prepared for the Association by Temple, Barker & Sloane² (TBS). TBS projected national production for 13 major commodity groups and TOFC

² Temple, Barker & Sloane, *Forecast of Traffic and Revenues 1971-1986 and 1985*, Oct., 1974, USRA Contract No. 50000.

TABLE 2.—USRA forecast of ConRail revenue 1973-85 (millions of 1973 dollars)

STCC and commodities	1973 actual ¹	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
01 Farm products.....	80.68	76.77	70.59	75.65	86.41	90.22	92.02	93.76	95.04	96.30	97.56	98.81	100.06
10 Metallic ores.....	86.39	82.98	81.23	81.76	88.44	89.26	89.53	89.53	89.53	89.53	89.53	89.53	89.53
11 Coal.....	230.81	228.08	226.64	232.02	242.36	262.74	270.15	279.16	286.67	294.38	302.29	310.48	318.69
14 Nonmetallic minerals.....	53.10	50.11	49.69	51.67	54.82	55.78	55.95	55.92	56.35	56.78	57.10	57.47	57.82
20 Food products.....	198.56	203.09	198.81	202.68	209.09	211.43	213.69	215.87	218.03	220.30	222.10	224.20	226.53
24 Lumber.....	64.26	57.99	57.98	62.55	70.19	71.72	72.89	74.35	75.25	76.21	77.09	77.97	78.86
26 Pulp paper.....	114.93	114.73	114.45	118.45	130.50	132.64	133.98	135.00	136.02	136.04	137.81	138.69	139.57
28 Chemicals.....	151.46	151.50	151.43	156.09	161.12	164.28	166.39	168.06	169.74	171.48	172.79	174.36	176.09
32 Stone, clay and glass.....	77.35	72.47	74.15	76.41	79.97	80.63	79.95	79.03	80.11	81.23	82.19	83.27	84.67
33 Primary metal.....	172.60	161.77	164.67	170.37	181.65	184.65	186.54	187.79	189.10	190.43	191.41	192.53	193.71
37 Transportation equipment.....	243.21	201.38	210.90	228.22	261.19	266.23	269.65	272.32	274.96	277.77	279.25	282.37	285.19
40 Waste.....	73.88	68.67	70.13	73.48	88.21	89.76	90.79	91.62	92.45	93.27	93.93	94.67	95.55
Coke.....	28.67	26.85	27.06	27.62	30.11	30.61	30.92	31.13	31.36	31.58	31.78	31.91	32.13
Other TOFC.....	132.40	157.06	160.14	143.27	167.75	181.29	195.87	206.62	218.75	233.01	247.47	262.45	278.66
Other non-TOFC.....	164.60	159.74	159.65	164.41	170.80	183.17	185.55	187.39	189.13	191.05	192.51	194.15	196.06
Total.....	1,892.99	1,813.18	1,817.52	1,864.65	2,031.61	2,094.41	2,133.90	2,167.55	2,202.49	2,239.45	2,274.58	2,312.54	2,353.20
Total less coal.....	1,662.18	1,585.10	1,590.88	1,632.63	1,789.25	1,831.67	1,863.75	1,888.39	1,915.82	1,945.07	1,972.29	2,002.11	2,034.52

¹ Annual commodity statistics revenue adjusted to remove absorbed switching payments and other miscellaneous revenues. The EL is not included in this forecast.

TABLE 3.—USRA forecast of ConRail tonnage, 1973-85 (millions of tons)

STCC and commodities	1973 actual	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
11 Farm products.....	12.4	11.80	10.85	11.49	11.64	12.10	12.33	12.59	12.78	12.98	13.18	13.38	13.55
12 Metallic ores.....	33.8	32.45	31.77	31.77	33.80	33.80	33.80	33.80	33.80	33.80	33.80	33.80	33.80
13 Coal.....	95.7	94.45	93.85	96.08	99.47	107.91	110.98	114.71	117.82	121.01	124.29	127.06	131.08
14 Nonmetallic minerals.....	20.5	19.31	19.15	19.81	20.63	20.80	20.60	20.79	20.95	21.11	21.27	21.43	21.60
25 Food products.....	25.5	26.09	25.54	25.90	26.14	26.19	26.39	26.66	26.93	27.21	27.49	27.78	28.07
26 Lumber.....	9.0	8.12	8.12	8.70	9.48	9.60	9.73	9.86	9.98	10.11	10.25	10.38	10.51
28 Pulp paper.....	21.0	20.96	20.91	21.29	21.68	21.86	22.03	22.21	22.39	22.57	22.75	22.93	23.11
29 Chemicals.....	22.5	22.50	22.49	23.06	23.41	23.65	23.88	24.12	24.36	24.61	24.85	25.10	25.35
31 Stone, clay and glass.....	17.1	16.01	16.38	16.79	17.24	17.18	16.94	16.70	16.93	17.17	17.41	17.66	17.95
32 Primary metal.....	28.5	26.69	27.17	27.94	29.30	29.51	29.72	29.92	30.13	30.34	30.56	30.77	30.99
37 Transportation equipment.....	14.3	11.84	12.40	13.26	14.88	15.03	15.18	15.33	15.48	15.64	15.79	15.95	16.11
40 Waste.....	15.7	14.59	14.90	15.53	16.34	16.51	16.67	16.84	17.01	17.18	17.35	17.52	17.70
41 Coke.....	6.8	6.37	6.42	6.52	6.99	7.04	7.09	7.14	7.19	7.24	7.29	7.34	7.39
Other TOFC.....	9.9	10.20	10.40	9.34	10.71	11.45	12.33	13.02	13.77	14.66	15.62	16.59	17.61
Other non-TOFC.....	19.5	18.91	18.90	19.29	20.29	20.49	20.70	20.91	21.11	21.33	21.54	21.75	21.97
Total.....	352.2	340.29	339.25	346.77	362.00	373.12	378.57	384.60	390.63	396.96	403.44	410.04	416.79
Total less coal.....	256.5	245.84	245.40	250.69	262.53	265.21	267.59	269.89	272.81	275.95	279.15	282.38	285.71

NOTE: Column totals are subjecting to rounding errors.

traffic. Using these production estimates, total Class I railroad tonnage was forecasted for each commodity group. This was then factored to develop Eastern District rail tonnage and finally tonnage for the six potential ConRail members. Revenue was derived by applying 1973 revenue per ton to the forecast tonnage.

The TBS forecast was based on projections of economic growth prepared in July 1974 by Chase Econometrics. Their projections indicated that Gross National Product would grow at an annual rate of 3.4 percent between 1973 and 1980 and at a rate of 3.5 percent from 1980 to 1985. Since July 1974, the economy has taken an unexpected dip as a result of rapid inflation and declining demand for and production of automobiles, steel and housing.

Because of these changes in the economy, the Association lowered the original TBS forecast for eight commodity groups: automobiles, steel, metallic ore, lumber, paper products, chemicals, waste or scrap and coke. Both the long-term forecast to 1985, as well as the short-term projections through 1977, were reduced.

The Association's present forecast has a compound growth rate for tonnage between 1973 and 1985 of 1.41 percent compared with 2.19 percent for the initial TBS forecast. Commodities other than coal have a growth rate of .99 percent in the Association forecast versus 2.02 percent for TBS. Revenue in the Association forecast is 3 percent lower in 1976 and 11 percent lower in 1985 than TBS.

The Association's current forecast, while significantly lower than the earlier forecast, appears to be slightly higher in the early years than a forecast based on the latest estimates of GNP. A subsequent analysis of economic growth was undertaken by Chase Econometrics for the Association in November 1974. It indicated that GNP would grow at a lower rate between 1973 and 1980, 2.0 percent compared to 3.4 percent, and at a higher rate between 1980 and 1985, 4.0 percent instead of 3.5

in the earlier projection. With minor differences, this later analysis substantiated the Association's adjustment of the TBS forecast. These revised GNP data are being utilized by TBS for an updated forecast which will be incorporated into the revenue figures to be utilized in the Final System Plan.³

Opportunities for Improvement

An aggressive rail marketing program is essential to achieving the Association's tonnage and revenue forecast. The essence of such a program is the development of precise price/service/equipment strategies which satisfy the needs of the customer while earning a profit for the railroad. The development of these precise strategies by the Association for individual customers has not been feasible. However, it has been possible to identify certain areas where significant improvements can be made in the marketing areas. These are: pricing, quality of service, equipment, intermodal cooperation, routes, divisions, costs and regulation.

Pricing

A firm's *price policy* is a reflection of its corporate objectives. Its pricing should be an extension of both its marketing and operating strategies. Any pricing strategy should generate rates which reinforce or support the actions, policies and objectives of the corporation.

The present financial condition of the Northeast rail carriers clearly indicates a substantial portion of rail traffic is moving at rates that do not cover the costs of handling the traffic. ConRail must adopt effective pricing policies relating to economically sound minimum and maximum rate levels.

³ Both forecasts include the revenue and tonnage for the branch lines that are under consideration for abandonment. It has been assumed that the losses on these lines will be subsidized and that the traffic will remain on the railroads.

A thorough analysis and possible revision of the nation's rail price structure is, of course, beyond the scope and time limitations imposed on the USRA. However, the Association has analyzed marketing conditions sufficiently to determine that the profitability of the bankrupt carriers can be significantly enhanced through improved pricing strategies relatively soon after conveyance. The Association believes that profit improvement can be achieved in the short term as well as over a longer period of time. The following sections deal with pricing strategies for both the long term and the immediate future.

Long-Range Pricing

The goals of the long-range pricing strategy are to:

- Assure a sound, profitable traffic base for ConRail with sufficient revenues to establish and perpetuate a viable railroad and secure the capital required to replace assets and meet changing demands of the transportation market.
- Provide for efficient utilization of ConRail's resources and flexibility to provide services on a compensatory basis to meet the transportation demands of the shipping public.
- Support the long-range service improvement, cost reduction and new marketing programs planned for ConRail.

Current rail pricing patterns in the Northeast must, of course, serve as a starting point for the development of changes necessary to implement ConRail's long-range pricing strategy. It is fashionable to talk about the existence of a "rail rate structure," but in reality there is no structure at all. What exists is a complex conglomeration of rates which reflect elements such as detailed commodity classifications, shipment volume-price differentials and specific origin and destination rate levels. There are numerous rates reflecting territorial, commodity, competitive and volume considerations.

Just as the present price system has evolved over time, any new system will have to be built on top of the existing system. Any price strategy designed to replace or supplement the present system must satisfy several diverse criteria. These criteria include:

- *Profitability.*—The pricing strategy should provide for the long-term profitability of ConRail and its establishment as a viable transportation company.
- *Dynamics.*—The pricing strategy should result in rates that move or change to reflect the dynamics of the investments or disinvestments being made in ConRail's physical plant and rolling stock.
- *Market flexibility.*—The pricing strategy should be flexible enough to produce a set of rates that reflect or capitalize on market conditions. The rates should be capable of being adjusted in reaction to changing demands imposed on the ConRail system by the market.

- *Efficiency.*—The efficient utilization of ConRail's resources should be promoted through the rates derived from the pricing strategy. To achieve this, the cost of resources required to provide service must be reflected in the price of the service.

- *Inherent advantage.*—The pricing strategy should reflect the inherent advantages of ConRail so as to assure retention and possible growth of traffic. The rate structure should also assist in attracting from other modes the traffic that railroads have a comparative advantage in handling.

- *Strategic planning.*—The pricing strategy should generate rates which reinforce or support the actions, policies or objectives of ConRail's marketing and operating strategies.

- *Simple/complex pricing.*—The pricing strategy should avoid complexity in the rate structure insofar as possible. Prices are key decision parameters for shippers. Complexities can cloud real issues and problems that lead to decisions that are damaging to ConRail and the freight service buyer.

The pricing strategy adopted by ConRail ultimately must be accepted by the marketplace and will be subject to evaluation by several external groups. These groups include competing railroads (those that serve the same territory as ConRail), complementary roads, intermodal competitors, shippers/receivers and the various regulatory agencies. These external constraints may inhibit the flexibility ConRail will have in adopting an effective pricing strategy.

Short-Term Pricing

USRA's recommended short-term pricing strategy has two objectives:

- To identify opportunities for improving the profitability of the existing traffic mix and
- To develop a short-term pricing program to generate additional ConRail revenue in the formative years.

The Association contracted with a consultant to study the existing traffic base and present pricing practices of the potential ConRail members. The consultant has concluded that "major profit improvement can result from marketing correction of losses now being suffered in the current traffic base." The potential net gain from correcting these losses was estimated to be \$120 million annually.

In addition to the consultant's study, Association personnel began an intensive analysis of the ConRail traffic base. Currently, approximately \$64.4 million of specific necessary rate actions have been identified. Table 4 contains a more complete description of the commodities deserving attention.

* Reebie Associates, August 14, 1974. Re: Contract No. USRA-5003, Economic Overview.

TABLE 4.—Potential added revenue from USRA specifically recommended rate adjustments

STCC 01—FARM PRODUCTS	
	Millions
1973 ConRail revenue.....	\$85.7
Additional revenue.....	9.0
Percent change.....	+11
Rate actions:	
Completed:	
1. Increased transit charge on cereal (effective July 1974).....	\$0.35
2. Increased export rates on grain products (effective February 1974).....	0.15
In progress:	
1. Increased rates on fresh fruits and vegetables (I&S 8944).....	7.5
2. Increased rates on prepared cereal (under negotiation).....	1.0
Total.....	9.0
STCC 10—METALLIC ORES	
1973 ConRail revenue.....	\$91.3
Additional revenue.....	0.1
Percent change.....	less than 1
Rate actions:	
Future: 1. Increase dumping charge on iron ore.....	
	\$0.1
STCC 11—COAL	
1973 ConRail revenue.....	\$243.8
Additional revenue.....	2.15
Percent change.....	1
Rate actions:	
Future:	
1. Miscellaneous increases.....	\$2.0
2. Increased storage charge.....	0.15
STCC 14—NON-METALLIC MINERALS	
1973 ConRail revenue.....	\$56.7
Additional revenue.....	0.1
Percent change.....	less than 1
Rate actions:	
Future: 1. Increased point-to-point rates on sand and gravel to remedy non-compensatory situations.....	
	\$0.1
STCC 20—FOOD	
1973 ConRail revenue.....	\$209.6
Additional revenue.....	1.1
Percent increase.....	1
Rate actions:	
Future: 1. Increase non-compensatory rates on canned fruit juice, prepared flour mixes, dry bakery products, bagasse, macaroni, milled rice by-products and miscellaneous other items.....	
	\$1.1

TABLE 4.—Potential added revenue from USRA specifically recommended rate adjustments

STCC 22-23—TEXTILES AND APPAREL	
	Millions
1973 ConRail revenue.....	\$8.5
Additional revenue.....	0.3
Percent change.....	4
Rate actions:	
Future: 1. Increased rates to remedy non-compensatory traffic.....	
	\$0.3
STCC 24—LUMBER	
1973 ConRail revenue.....	\$66.5
Additional revenue.....	1.5
Percent change.....	2
Rate actions:	
Completed: 1. Increased rates on pulpwood (½ of requested increase grant).....	
	\$0.1
Future:	
1. Increased pulpwood rates.....	0.1
2. Limit stop-offs and circuitry on lumber.....	0.5
3. Increased rates on non-compensatory traffic (millwork, wooden containers, misc. wood products).....	0.8
Total.....	1.5
STCC 25—FURNITURE	
1973 ConRail revenue.....	\$16.5
Additional revenue.....	3.5
Percent change.....	21
Rate Actions:	
Completed: 1. Increase rates on furniture 4% (effective early 1975).....	
	\$0.6
Future: 1. Further increases to eliminate non-compensatory traffic.....	
	2.9
Total.....	3.5
STCC 26—PAPER	
1973 ConRail revenue.....	\$121.6
Additional revenue.....	9.2
Percent increase.....	8
Rate actions:	
In progress: 1. Increase rates 10% on light loading papers ¹ (I&S 8978).....	
	\$1.3
Future:	
1. Further increases on light loading papers to eliminate noncompensatory situations.....	6.9
2. Altered transit privilege and 22,000 lb. "follow lot" provision in the 36,000 lb. rates.....	1.0
Total.....	9.2
STCC 32—STONE, CLAY AND GLASS	
1973 ConRail revenue.....	\$81.0
Additional revenue.....	0.8
Percent increase.....	1
Rate actions:	
Future: 1. Increase various point-to-point rates on cement, lime, limestone.....	
	\$0.8
¹ Light loading papers include: sanitary paper products, bags, fibre cans, pressed pulp goods, envelopes and baskets.	

TABLE 4.—Potential added revenue from USRA specifically recommended rate adjustments

STCC 33—PRIMARY METAL PRODUCTS		Millions
1973 ConRail revenue.....		\$182.7
Additional revenue.....		0.13
Percent increase.....	less than	1
Rate action:		
In progress: 1. Increased lighterage charge on steel from Rhode Island to Harlem River, N.Y.....		
		\$0.13
STCC 34—FABRICATED METAL PRODUCTS		Millions
1973 ConRail revenue.....		\$38.7
Additional revenue.....		0.3
Percent increase.....		1
Rate actions:		
In progress: 1. Increase rates on metal cans.....		
		\$0.3
STCC 35—NON-ELECTRICAL MACHINERY		Millions
1973 ConRail revenue.....		\$19.1
Additional revenue.....		0.5
Percent increase.....		3
Rate action:		
In progress: 1. Increased rates on farm machinery—I&S 8983.....		
		\$0.5
STCC 37—TRANSPORTATION EQUIPMENT		Millions
1973 ConRail revenue.....		\$255.5
Additional revenue.....		2.5
Percent increase.....		1
Rate actions:		
Completed: 1. Increased rates on freight cars moving on own wheels.....		
		\$0.5
Future:		
1. Increased storage charges on autos.....		
		1.0
2. Increase some point-to-point rates on auto parts.....		
		1.0
Total.....		2.5
STCC 40—WASTE OR SCRAP		Millions
1973 Con Rail revenues.....		\$83.0
Additional revenue.....		9.6
Percent increase.....		12
Rate actions:		
Future:		
1. Increased rates on textile waste to remedy non-compensatory traffic.....		
		\$0.6
2. Overcome ICC hold-downs on recyclables.....		
		9.0
Total.....		9.6
MISCELLANEOUS SERVICES		Millions
1973 ConRail revenue.....	Unknown	
Additional revenue.....	\$23.6	
Percent increase.....	Unknown	
Rate actions:		
Completed: 1. Increased protective service charge ex parte 300.....		
		\$0.1

TABLE 4.—Potential added revenue from USRA specifically recommended rate adjustments

MISCELLANEOUS SERVICES—Continued		Millions
In progress:		
1. Increased minimum charge per car (suspended).....		8.6
2. Increased switching charges (suspended).....		8.5
3. \$50 per car transit service charge (suspended).....		4.0
4. Cancel marriage arrangements.....		0.3
5. Further increases in protective service charges (ex parte 300).....		0.3
6. Increased charges for providing mechanical heating of cars (Docket 35400).....		0.2
7. Eliminate absorption of loading/unloading charges at ports and reduce port charges by 4¢/cwt. (I&S 8938).....		1.6
Total.....		23.6

The rate adjustments recommended in Table 4 are necessary to bring present traffic up to a breakeven basis using very conservative cost data. The cost system used for this analysis (which was the only system quickly available) is based on Rail Form A and tends to understate certain costs, particularly maintenance of way, capital and equipment costs. Had these factors been more realistic, a far higher level of rate changes might have been proposed.

This analysis was also limited to identifying present traffic which is clearly non-compensatory. If the proposed rates result in substantial traffic losses, there will be no impact on net income because the reduction in costs will equal or exceed the lost revenue.

Table 4 shows three types of rate actions: completed, in progress and future. Completed rate actions are those which have been approved by the Interstate Commerce Commission with an effective date in 1974. These increases were not applicable in 1973 and hence were not in the revenue base used for the forecast. This category accounts for \$1.8 million.

Rate actions in progress are those that have been filed with the Commission or rate bureaus but have not been approved. This category accounts for \$34.23 million of which \$23.5 million involves miscellaneous services or charges. This includes an increase in the minimum charge per car (\$8.6 million), increased switching charges (\$8.5 million) and a \$50 per car transit service charge (\$4.0 million). Each of these pricing proposals has been suspended by the Commission pending an investigation of their "reasonableness." Each are important in reducing the losses of the bankrupt carriers and getting them on the road to profitability.

The major commodity rate change in progress concerns fresh fruits and vegetables. This was expected to increase future ConRail revenue by \$7.5 million. The Commission suspended these rates under I&S 8944. On December 30, 1974, an order disapproving this increase

was issued. Among other reasons given for rejecting the increase were three which are of primary significance to the future profitability of ConRail.

First, the ICC said that the theory of replacement cost of equipment was invalid because replacement cost is a corollary of reproduction value which the Commission has never accepted as a valid basis for ratemaking. While this policy may be appropriate for valuation purposes, failure to recognize replacement costs for ratemaking purposes is extremely damaging to the railroads, particularly in a period when inflation levels are substantially higher than normal. The rail industry will fall further behind in equipment capacity simply because rates will not provide profits sufficient to call forth the capital necessary to acquire new equipment. No amount of exhortation to purchase can substitute for the decision of management to buy cars *only* when it is profitable to do so.

The second reason cited by the Commission was that the proposed rates would eliminate rail participation in many of the commodity movements, which would cause hardships on producers and consumers. The question to be addressed is whether ConRail or any other railroad should be forced to subsidize shippers by carrying traffic which does not contribute a profit to the railroad. Lack of railroad profitability will result in a gradual withdrawal from service and further prevents the railroads from handling those movements where they still have a comparative advantage.

The third reason for disapproving the rates was that the proposed TOFC rates are not reasonably related to the carload rates. There is no reason why TOFC rates should be related to carload rates. Entirely different services and costs are involved and the rates are aimed at a different competitive situation.

The third group of rate actions shown in Table 4 are those possible in the future. They have not yet been proposed but the Association's staff feels such increases are necessary to put present rail traffic on a compensatory basis. The category as thus far identified would increase revenue by \$28.35 million. The major commodities in this group are light loading paper products (\$6.9 million), furniture (\$2.9 million) and scrap (\$9.0 million). These rate increases are required to bring the revenue on these commodities up at least to a break-even basis with long-term variable cost.

The Association has also attempted to measure the price elasticity of certain commodities. The purpose of this research was to identify those commodities which, while making a positive contribution above variable cost, could support higher rates thereby lending support to the essential goal of improving railroad profitability. Unfortunately, the results of this research are not conclusive and further work will be necessary. This should be completed prior to the Final System Plan.

In addition to these specific suggested rate increases, the Association's staff is also studying the possibility

of a short-range general price increase. During the period following conveyance, ConRail should undertake programs to reduce costs, improve operating reliability and generally strengthen the organization's competitive position via new service opportunities and marketing programs. The short-term strategy must be an easily applied program of rate corrections which will supply needed revenues until ConRail's long-term programs can be developed and implemented.

The goals and objectives which the Association is using to evaluate various types of short-range increases are:

- The method must be capable of generating between \$50 and \$150 million in additional ConRail system revenues.
- The approach must be consistent with whatever industry structure is selected for ConRail.
- The short-term pricing strategy must be consistent with the long-term pricing strategy and related operating plans.
- The technique must be fairly simple so that it may be quickly implemented, easily understood and capable of efficient administration.

Short-term increases can be applied on one or more of the following bases:

General increases provide for percentage increases or per unit (i.e., car, ton, etc.) surcharges on the entire movement. The increase is apportioned among the railroads involved, according to agreed upon division percentages.

Regional increases provide for percentage increases or per unit surcharges on movements within a certain region (i.e., the Northeast Region).

Cost coverage increases would increase revenues to cover the cost of a particular class of traffic more completely.

Specific increases would be selectively based on a combination of factors including commodity, origin/destination and car type.

Minimum rate per car pricing is based on the assumption that the four major and most readily measured components of rail costs are mileage, car type, terminal costs and service type. A minimum rate per car would be determined based on these components. It has been alleged that the high terminal costs, particularly on the east coast, are responsible for the deficit operations of the ConRail carriers. Under this approach, terminals would be classified into three categories—low cost, medium cost and high cost. "Service types" could include regular, unit train, TOFC, multiple car, etc. The advantage of this method is that only low-revenue-per-car traffic, where the present revenue is below the proposed minimum, would be assessed a charge. High-revenue, truck-competitive traffic would not be affected at all. This type of charge will affect only the non-compensatory or marginally compensatory traffic.

USRA is currently reviewing each of these approaches and will have a recommendation in the Final System Plan.

Service and Equipment

To determine the impact of freight car supply and service quality on revenue growth it is necessary to understand how routing decisions are made by shippers. While there may be exceptions, there appears to be a hierarchy in the normal routing decision:

1. The lowest applicable rate must apply.
2. The carrier supplying the equipment will be favored.
3. The best service route will be favored.
4. The originating and terminating carriers will get a long haul (as opposed to a switching charge).
5. Intermediate carriers will be avoided unless part of a "service" route.

Since railroads serving the same market or shipper usually have the same rates, the ability to provide an adequate car supply along with dependable service are the dominant factors in securing rail-oriented tonnage. These factors are also important for attracting tonnage from other modes.

There are significant opportunities for improving bankrupt carriers revenue—both through the acquisition of more equipment and the design of specialized freight cars. A special study made by the Penn Central estimated it lost over \$60 million in revenue in 1974 because of freight car shortages. Car types in critical supply were open hoppers, gondolas, 50-ft. box cars and TOFC trailers. The Association has developed a car acquisition program, discussed in Chapter 6, which should rectify this problem. The Association's car purchase program will provide an equipment inventory sufficient to satisfy normal demand while generating a satisfactory return on investment. USRA is also studying various rate and tariff changes which will improve equipment utilization and reduce the capital investment required for equipment.

Service on the bankrupt carriers has deteriorated in recent years as tracks and facilities have been under-maintained. Shippers state that substantially more tonnage would be available if service were improved. Preliminary studies by the Association confirm this in part.

Service in this context takes two forms: speed and reliability. Speed is the time it takes to get from A to B; reliability is the consistency or regularity of the transit time. Service is important for attracting tonnage from other railroads as well as other modes of transportation. Rates and car supply being equal, a shipper will choose the railroad with the best service.

While service is important for intermodal competition, railroads and motor carriers do not compete on the basis of service in all markets. Service is relatively less important for low-value, high-volume bulk commodities than for high-value, time sensitive commodities such

as perishables. Service levels, then, must be evaluated in view of specific market requirements.

ConRail must make a substantial improvement in service speed and reliability to compete effectively with the motor carriers. A USRA consultant⁵ interviewed shippers concerning service expectations. The consultant concluded that improvements in transit time of 20 percent would increase non-bulk traffic by ten percent but total traffic by only two percent. In no individual commodity was the tonnage elastic with respect to transit time.

The consultant also found that improvements in reliability—measured in terms of increased on-time performance of 20 percent to 50 percent—would increase tonnage ten percent to 30 percent. A significant minority of the shippers, however, said that percentage increases in tonnage would exceed percentage changes in reliability.

On the other hand, the consultant found that increases in transit time up to ten percent would not have an appreciable effect on tonnage. If time in transit increased 20 percent, however, the loss in tonnage for some commodities would be severe. Decreases in reliability could have a significant impact on tonnage, ranging from ten percent to over 40 percent depending on the shipper. In the majority of cases, however, a percentage reduction in reliability leads to a less than proportionate loss of tonnage.

In summary, rail traffic appears to be more sensitive to time increases than to time decreases. A significant deterioration of rail service could result in a severe loss of traffic. Conversely, a significant improvement in transit time would result in significant but not commensurate traffic growth.

Intermodal Service

Trailer on flat car (TOFC) and container on flat car (COFC) traffic are the two basic types of intermodal or piggyback service offered by the railroads. This service combines the flexibility of motor carrier pickup and delivery with the low costs of rail line-haul service and as such is among the favorable spots in the railroads' future. USRA is forecasting a compound annual growth rate of piggyback traffic of 6.25 percent between 1973 and 1985. A more comprehensive discussion of Intermodal Service is provided in Appendix F.

There are three ways to improve the market share of TOFC/COFC service:

- Gain greater control of the pickup and delivery function through expansion of the operating rights of rail-owned truck lines;
- Penetrate the small shipments market including the LTL (less than truckload—under 10,000 lbs.) and the PTL (partial truckload—10,000 to 30,000 lbs.) markets; and

⁵ Temple, Barker & Sloane, "Forecast of Traffic and Revenue 1974-1980", USRA Contract No. 50000.

- Develop a rate structure that will attract shipper business and also foster intermodal (rail-motor carrier) coordination where possible.

It is almost axiomatic that the firm controlling pickup and/or delivery of a shipment also exerts control over the line-haul movement. Both Penn Central and Reading own motor carrier subsidiaries which perform these services, but they have not fully exploited the traffic-generating opportunities.

Most railroad piggyback marketing efforts have been focused on developing truckload movements with weights of 30,000 to 45,000 pounds. However, the Reebe Associates' Intermodal study indicates that 85 percent of the ton-miles of highway general commodity traffic consists of a combination of LTL and PTL shipments. This is obviously a large market in which the railroads have not been directly competing.

The importance of the small shipments market goes beyond its volume. First, this traffic is generally among the highest rated traffic available (albeit with high operating costs) and thus adds the most revenue. It also allows carriers to "top off" trailer load shipments which have approached the maximum weight but have not utilized the full cubic capacity of the trailer. This further increases revenue.

Second, a carrier which competes in all markets can select the traffic needed to obtain the high equipment utilization and low empty mileage required to achieve low unit costs in each traffic lane or terminal. These low costs in turn enhance the competitive position of the carrier.

Because of the financial losses suffered in the past when handling LCL traffic, the rail industry is understandably hesitant to enter the small shipments market. Only two railroads, the Missouri Pacific and the Western Pacific, are currently pursuing this market. Of course, such a decision cannot be made until after a thorough study of the operating costs and potential revenue to be derived from this traffic. USRA will attempt to quantify the cost/benefit relationships prior to the Final System Plan.

The present TOFC/COFC price structure in the Region is based on a series of "quantity discounts" which provide successively lower rates as the number of trailers tendered increases. From one to sixty trailers may be tendered at one time, the latter, popularly called "ship-a-train" rates, being the lowest. These quantity discounts have created a group of middlemen called shippers' agents or shipper associations whose prime objective is to gather enough trailers to take advantage of the discounts. Only part of the discount is passed back to the shipper. The argument is that these middlemen perform services which the railroads cannot provide. This is not necessarily true. A capable, aggressive rail sales and service staff can perform the duties of

these middlemen, often more efficiently and economically.

There are basically two types of pricing arrangements necessary to foster increased growth of piggyback service. One is a "wholesale" rate structure applying between terminals to shipper or motor carrier owned or supplied trailers. These would be one-way rates for single loaded or empty trailers. The shipper or motor carrier would provide the pickup and delivery. These wholesale rates would attract traffic from motor carriers or private carriers who now operate via highway if they have balanced traffic.

A balance in traffic avoids the occurrence of empty mileage expense. This low empty return mileage experienced by truckers is what produces lower unit costs via highway, even though the basic expenses per mile are higher than those of rail. The wholesale load-empty rates recommended by USRA would enable shippers and truck lines with balanced traffic to gain the same benefits via rail-TOFC that they now gain in their own highway operations. Such a pattern would avoid the current pricing practices which attract TOFC traffic mainly from shippers and truckers who have excess loads (i.e., more loads than drivers) or who have unbalanced movements between certain terminals. No quantity discount would be given. These wholesale rates would be very similar to the present Plan III rates.

Second, a set of single trailer "retail" rates in railroad-owned trailers needs to be developed. These rates would apply on one-way movements of either full-truckload or LTL and PTL movements. Pickup and delivery could be performed by the railroad-owned motor carrier. These retail rates would be similar to the present Plan II and II 1/2 rates and would apply primarily to shippers who do not own trailers and cannot perform the pickup and delivery functions.

Though the proposed set of rates is not radically different from the present system, it does provide many advantages. Elimination of the quantity discount would permit the railroads to compete with the middlemen who exert tremendous control over present piggyback traffic. The recommended rates give the railroads, that are risking their investment, the opportunity for more control over their service quality and profitability. This simplification of the rate structure makes it easier to understand and allows the shipper to deal directly with the carrier. A shipper survey performed by Reebe Associates indicates that many shippers would prefer to deal with the railroad directly.

Routing Patterns

When ConRail begins operation, it will inherit the routing patterns of six different carriers. Between distant city pairs, such as Newark, New Jersey and Los Angeles, a large number of alternative carriers and routes are possible. These include routes using the Read-

ing, Lehigh Valley, CNJ and the Penn Central. Table 5 is a list of the interchanges between the ConRail carriers and other railroads in the eastern region.

As Table 5 indicates, there are an almost infinite number of interchange points or combinations of interchange points. Retention of all these interchange points and alternative routes tends to promote inefficiency and to preclude ConRail from taking advantage of its most profitable haul. It also prevents ConRail from realizing its maximum revenue potential.

TABLE 5.—*Freight connections and junction points*

	PC	LV	CNJ	RDG	LHR	AA	EL	D. & H.	B. & M.	B. & O.	C. & O.	N. & W.
Penn Central.....		26	7	30	2	6	79	8	19	136	73	13
Lehigh Valley.....	26		5	5	1	0	13	3	0	3	1	1
Central of New Jersey.....	7	5		3	0	0	1	0	0	0	0	0
Reading.....	30	5	3		0	0	3	0	0	5	0	0
Lehigh & Hudson River.....	2	1	0	0		0	2	0	0	0	0	0
Ann Arbor.....	6	0	0	0			0	0	0	1	6	1
Erie Lackawanna.....	79	13	1	3	2	0		5	0	27	10	20
Delaware & Hudson.....	8	3	0	0	0	0	5		2	0	0	0
Boston & Maine.....	19	0	0	0	0	0	0	2		0	0	0
Baltimore & Ohio.....	136	3	0	5	0	1	27	0	0		19	46
Chesapeake & Ohio.....	73	1	0	0	0	6	10	0	0	19		33
Norfolk & Western.....	153	3	0	0	0	3	20	0	0	46	33	

Divisions

Divisions are the sharing of the freight revenue by carriers participating in a movement involving more than one railroad. Such divisions have a significant impact on the net profit of a company. Divisions are negotiated by the participating railroads and when there are disagreements, resolution is sought from the ICC in the form of a divisions proceeding.

Assuming equal managerial and operating efficiency, divisions are usually based on cost. That is, assuming that two railroads have essentially the same operating efficiency and management efficiency, but one railroad incurs a higher cost in the movement of a shipment, then that railroad should receive a greater share of the revenue. Northeastern carriers have alleged that the divisions between themselves and the southern and western carriers are inequitable and do not properly reflect costs. The northeastern carriers have estimated that an equitable split of revenues could improve their profitability by \$60 million annually. Conversely, the southern and western carriers claim that the additional costs incurred by the northern and eastern carriers are a result of inefficient management and operating strategies. The last north-south divisions case handled by the ICC continued for 13 years and was never resolved, among other reasons, because the efficiencies expected from the Penn Central merger were not included in the northern railroads' cost data.

The Association urges early Congressional action to provide a means of encouraging the prompt resolution of disputes involving divisions. This is a matter of extreme urgency to ConRail. It needs to be resolved as soon as possible.

The Association has made a thorough study of opportunities for improving ConRail's revenue by lengthening its haul. Under the Three Carrier System structure, ConRail could secure as much as an additional \$65.6 million of revenue annually by eliminating short hauls to the greatest extent possible. For forecasting purposes it has been assumed that ConRail achieves only half of this revenue potential or \$32.8 million through improved service and selective selling of the preferred routes.

Costs

Establishment of new rail rates will depend on the level of costs, both rail and alternate mode costs. Unfortunately, the railroad industry does not currently possess the capability of measuring the cost of performing a particular transportation service or set of services. As a result, present cost systems tend to apportion costs rather than trace cause-and-effect relationships.

Most rail carriers apply a modified ICC Rail Form A, Variable Costing System, to evaluate costs associated with the movement of a commodity between two points. The costs produced by Rail Form A are the average costs incurred by general cost centers of a railroad. These costs do not necessarily reflect the true costs of the individual movement. However, they are accepted by the Commission as the basis for cost justification for a proposed rail rate. The numerous deliberations concerning branch line abandonment and curtailment of passenger services, and the related costs and revenues of these operations, are excellent examples of the impact of the inadequate cost information.

The deficiency in rail industry costing is due to:

- Hesitancy of rail carriers to initiate innovative costing systems because the Commission has traditionally used the ICC Rail Form A costing as a basis for rate setting, and
- Relatively recent application of large scale management information systems to rail carriers. Data gathered to support cost research by many railroads are deficient, both in validity and degree of detail.

It is imperative that ConRail establish an accurate and timely cost information system. The cost/benefit

relationship is at the heart of most important management decisions. This is no less true of the railroads than of other industries. Reliable cost information is important not only for the pricing decisions, but also for operating capital investment, routing, line abandonment, and planning decisions.

Rail Rate Regulation

All rail rates are subject to review by either state or federal regulatory agencies. This would present no problem if all modes of transport were subject to the same kind and level of regulation. Almost two-thirds of truck traffic and ninety percent of barge traffic is exempt from rate regulation, and most agricultural traffic moving via motor carrier or barge is exempt.

Regulation tends to inhibit the flexibility of the railroads. Whereas trucks and barges hauling exempt commodities are free to set rates at any level and are free to enter and leave markets, railroads are subject to the frequently time consuming regulatory procedures and the other burdens they impose. This may inhibit the railroad's responsiveness to changes in the market place and ability to meet revenue needs and to compete successfully.

USRA will study this matter further and make appropriate recommendations for change in the Final System Plan.

Conclusions

ConRail must strive to maximize its profit in any given market, working from the present traffic base.

With the exception of the solid waste and LTL/PTL markets, there are no major markets that ConRail can enter through a simple adjustment of price and service. Instead, ConRail must compete vigorously in those markets where it has a competitive advantage.

This occurs with commodities of heavy density, where there is a good balance of traffic, where transit time is not essential and where shipment sizes will support carload volumes. ConRail must compete in these markets through a vigorous application of sensible and aggressive marketing strategies. These include unit and mini-trains, bulk distribution terminals and expanded TOFC operations.

To improve profitability, ConRail will have to scrutinize the present price structure and make changes where necessary. Certain limited rate changes have been suggested and, no doubt, this list can be expanded. In the long run, ConRail must adopt a pricing policy that will allow it to recover full operating costs and a reasonable return on investment. If this is not done, the current financial problems will be perpetuated.

ConRail must also adopt a rigorous program of service improvement and control. This will enable it to expand present markets and enter into the more service demanding markets where shipment sizes are smaller, transit time is critical and shorter distances are involved.

Implicit in this marketing program is the need for an organization dedicated to the goal of improving profitability. This organization must have an excellent cost system and traffic data base with which to define the problems and it must have the freedom to experiment with creative solutions.

10

Availability of Service by Alternate Modes

The Regional Rail Reorganization Act of 1973 requires an analysis of the extent to which other modes of transportation can move the traffic now carried by railroads in reorganization and the relative economic, social and environmental costs involved in use of such alternate modes. This chapter represents a portion of USRA's response; environmental considerations are treated more extensively in Chapter 11.

Studies commissioned by USRA indicate that railways generally have cost advantages over trucks in providing long-haul high-density transportation, but rails take longer and are less flexible with respect to pick-up and delivery times and locations. Rails are more flexible than barges, but usually incur higher unit costs.

Shippers are willing to pay premiums for quality service by other modes, a factor to be considered in analyzing the desirability of maintaining certain rail services. In addition, recent legislation to increase truck sizes and weights expands the economic potential for truck competition. No combination of pipeline, truck and barge service, however, can replace fully the service railroads give the Region.

This chapter examines the effects of diverting substantial freight from railroads to trucks for 11 selected commodities. These effects encompass the increase in truck traffic volume such a diversion would generate, the increase in private shipper cost and the public costs of additional highway construction and maintenance.

Section 202(b) (2) of the Act requires "an economic . . . analysis . . . of the extent to which available alternative modes of transportation could move such traffic as is now carried by railroads in reorganization; (and) the relative economic, social and environmental costs that would be involved in the use of such available alternative modes, including energy resource costs . . ."

The Region is served to some degree by all alternative modes, including trucks, waterways, pipelines, air cargo and small shipment services. In terms of substitutability, however, the major rail competition is the for-hire and private truck, although water and pipeline haulage is important in certain areas for bulk commodities.

A number of sources required for the assessment of alternate mode service availability and related costs are detailed in other sections of this report. Competition among the several modes of freight transport is discussed in more detail in Chapter 8. A first attempt at measuring cost structures for the competitive modes is also presented in Chapter 8. Additional information on substitutability of truck service for rail appears in Appendix F for intermodal service generally. Chapter 7 and Appendix J deal with the relative economic and social costs of alternate mode service to light-density points. The environmental costs of service by various modes are treated in Chapter 11.

One of the important determinants of comparative costs is the degree of public financial support received by each mode of transportation. Since competitive rate structures do not reflect costs borne by the government, true cost structures of the several modes are not readily apparent. Availability of alternate modes and existing modal splits of traffic are not based on true cost structures but instead on costs as perceived by carriers in each mode. Appendix H of this volume provides an approximation of the level of federal financial assistance provided to the chief modes of transportation.

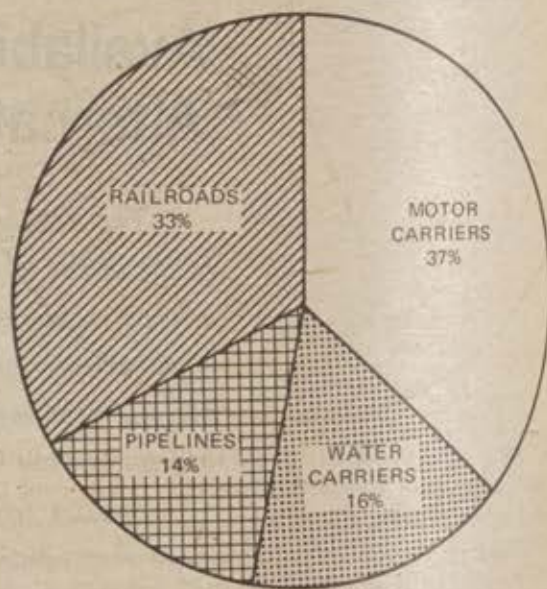
Freight Traffic in the Region

The Midwest and Northeast Region occupies barely one-seventh of the continental United States but accounts for over half its economic activity. About 2.5 billion tons of intercity freight originated in the Region in 1970, representing 45 percent of intercity domestic freight tonnage in the United States. The rail-

competitive trucking industry is the leading mode of transportation in the Region, carrying 37 percent of total tons originated in 1970. Rail tonnage follows closely, contributing 33 percent of the total. Waterways carry 16 percent of tonnage, approximately half the volume carried by the railroads. Pipelines carry 14 percent of total tonnage, a little less than half the total tonnage carried by the entire rail industry in the Region.¹ (See Figure 1.)

FIGURE 1

MODAL SPLIT OF INTERCITY FREIGHT TONNAGE ORIGINATING IN THE NORTHEAST AND MIDWEST REGION - 1970



Railroads retain the traffic leadership if ton-miles rather than tonnage is used to measure freight shares, because rail average hauls are longer than average hauls for trucks. Railroads originate 38 percent of freight ton-miles in the Region, compared with 33 percent of total tons originated. Waterborne shipments, 16 percent of total regional freight measured in tons,

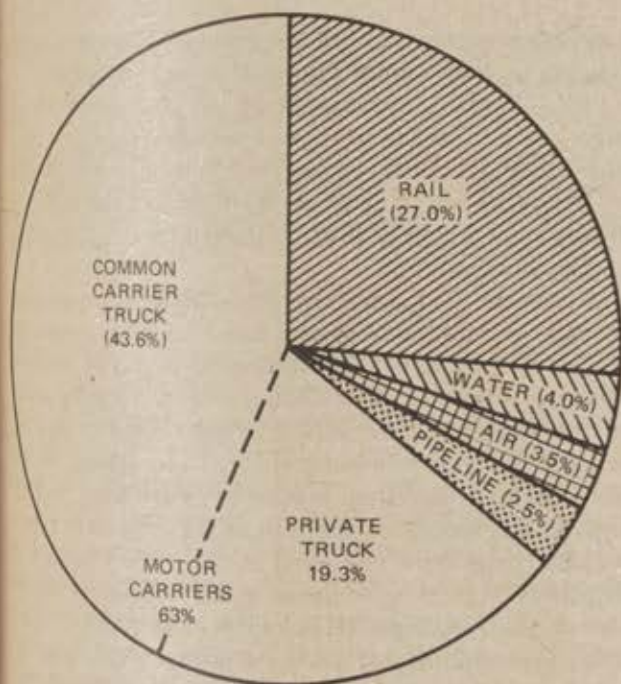
¹ Wilbur Smith Associates, Inc., *Economic Study of Alternative Modes for Rail Traffic and Their Costs: Final Report*, prepared for USRA, January 15, 1975. These are tons of output shipped in the Region. They are adaptations for the Region of national estimates by Jack Faucett Associates, *Transportation Projections 1970-1990*, prepared for the U.S. Department of Transportation, March 1973. For estimated shares, see Wilbur Smith, tables 1, 2 and 3, pages 5, 11 and 12.

amount to 26 percent of the Region's ton-miles. Pipelines increase slightly, from 14 to 15 percent. The importance of trucking declines when measured in ton-miles from 37 percent of total tons originated to 21 percent of total ton-miles. Both for-hire trucking and private trucking experience a decline.

Trucks are by far the leading freight transport mode in the Region if the comparison is made on the basis of revenues. Trucks originate 63 percent of intercity freight revenues in the Region, about \$15.5 billion in

FIGURE 2

ORIGINATED FREIGHT REVENUES IN THE REGION BY MODE 1970



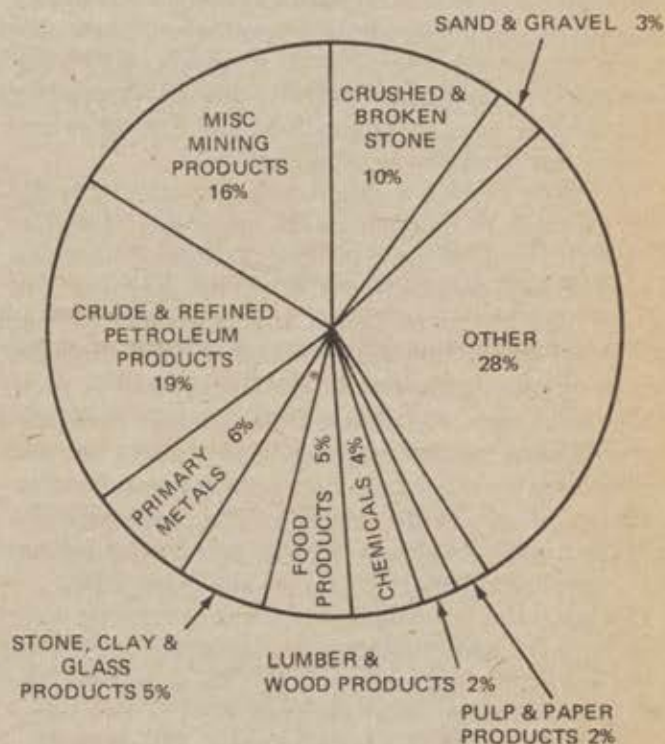
1970 (see Figure 2). A little less than one-third of this amount represents the costs of truck operations performed by industries which have private truck fleets; the remainder represents revenue earned by for-hire carriers. Railroads generate only 27 percent of total revenues, followed by water (4 percent), air freight service (3.5 percent) and pipelines (2.5 percent).

Manufactured products constitute about half of intercity freight tonnages originating in the Region, and the trucking industry is the predominant carrier of these products. Mining products constitute just under one-third of the tonnage originated in the Region. Only mining products, iron ore, nonferrous ores, coal and pulp and paper manufacturers use rail for more than half their freight shipments originating in the Region. Measured by ton-miles, most mining sectors except iron ore use rail for over half of their shipments; four-fifths of the ton-mile shipments of iron ore are by water. In

manufacturing, virtually all durable goods industries accumulate about half of their ton-mile shipments on the rails. (See Figure 3.)

FIGURE 3

PERCENT OF TOTAL INTERCITY FREIGHT TONNAGE BY MAJOR COMMODITY GROUP - 1970



SOURCE: WILBUR SMITH
FINAL REPORT

Freight traffic carried by the bankrupt railroads represents between 10 and 12 percent of the total tons originated in the Region. Any major diversion of the traffic carried by these lines to alternate modes would have major and probably devastating implications for the regional and national economy. The physical properties of much of the traffic carried by rail and the geographic location of raw material sources and production facilities indicate that a wholesale shift from the railroads in reorganization to alternate modes would be very costly to the economy—a strong argument for preserving a major portion of the Region's rail system.

Freight Via Alternate Modes

As discussed in Chapter 1, the railroad industry as a whole has experienced a significant decline in market share since the end of World War II. The rail share of all intercity transport ton-miles has declined from 56 percent in 1950 to approximately 38 percent in 1973. Traffic shares lost by railroads have been gained by motor carriers, pipelines and inland waterways other than the Great Lakes. Great Lakes shipping, despite opening

of the St. Lawrence Seaway, has lost half of its market share since the immediate post-war period.

The following is a brief discussion of the availability of modes other than railroads to provide freight service in the Region. More information on this subject can be found in the references cited in the footnotes to this chapter and in the Bibliography.

Pipeline.—Most of the former rail traffic in those commodities for which shipment by pipeline is highly competitive (liquids or flowables moved in large, continuous quantities) was diverted to pipelines 30 to 40 years ago. The small amounts of liquids still shipped by rail represent special commodities and quantities uneconomic for diversion to pipelines.

Potentially there is another major transfer of traffic from railroads to pipelines in the movement of coal as slurry. This could occur if rail costs continue to increase in relation to pipeline costs. It would be catastrophic to the rail industry in the Region if coal slurry pipelines were developed to any major extent. Coal is the most important rail commodity in the Region and is profitable to the railroads at this time. Though the bankrupt railroads are not as heavily dependent on coal shipments as are other railroads in the Eastern District, diversion of up to 20 percent of the coal tonnages originated on the bankrupt lines to coal slurry pipelines or to consumption at the coal mine site is possible.

This potential loss would only occur over a very long term, however, and would require substantial reductions in the cost of pipeline transport. For the short term, the worldwide shortage of crude petroleum is increasing the demand for coal and for movements of coal by rail. The immediate prospect is for increased coal shipments over the railroads in reorganization, not for diversion to pipeline transport.

Waterways.—For large-volume movements of dry bulk commodities over long distances linked by water, shipment by barge, lake or coastal vessels is a competitive alternative to movement by rail. The location of major waterways as boundaries of the Region partially limits this competition, causing it to be concentrated on freight movements to and from the Region. At present such movements are about 50 percent of the total tonnage originated and terminated on railroads in the Eastern District.²

Diversion of freight (almost entirely commodities transportable "in bulk" or in large tonnage shipments) from rail to water is quite sensitive to rates, and the potential for greater diversion has brought about lower water-competitive rates on certain rail movements. The financial condition of rail carriers in the Region, therefore, is affected both by the generally low level of water-



competitive rates and the low costs of barge service on specific segments of the inland waterway system.

Air.—Freight movements by air are shipments of high-value products in small quantities requiring very quick delivery. Little of the freight now carried by the railroads in reorganization is of this nature and any future shift from rail to air is insignificant to the future of the railroads.

Highway Freight.—The versatility and quality of service available through the use of trucks, coupled with the development of the Interstate Highway System, have made trucking the leading mode of transportation in the Region. With respect to costs actually paid by truckers versus railroads, the balance appears to be moving in a direction favorable to trucking, despite the recently legislated speed limit reduction to 55 m.p.h. Vehicle sizes were increased in the 1974 Federal-Aid Highway Act to encompass truck weights of 80,000 lbs. on the Interstate Highway System (20,000 lbs. on single axle and 34,000 lbs. on a tandem axle), a policy change made explicitly to compensate truckers for speed reductions and consequent productivity losses. Where states allowed higher weights in 1974 on non-interstate highways, such weights may now be allowed on the Interstate Highway System; 15 states had allowed these higher limits.

There are also limitations on the use of trucks due to their physical characteristics. Trucks have been able to capture virtually all of the intercity traffic in small parcels or in less-than-carload shipment lots formerly carried by rail. Trucks have made a few inroads into shipments over 30 tons but they can accommodate such larger shipments by using additional vehicles. For shipments of 5 to 30 tons, competition between rail and truck exists over a wide range of products. For most products the truck's advantages of flexibility and quality of service tend to fall off with distance so the average length of haul by truck is significantly shorter than rail.

² Figure 4 provides a comparison of "Eastern District" railroads as defined by the ICC, "Official Territory" which approximates the coverage of the Eastern District railroads—and the 17-state Region as defined pursuant to the Act.

Dual or Multimode.—Intercity freight movements involving two or more modes for major portions of the line haul constitute still another alternative to present all-rail movements on the railroads in reorganization. Piggyback service (trailers or containers on railroad flatcars—TOFC and COFC) has grown rapidly since World War II. This "new mode" has come about to take advantage of the strengths of both railroads and trucking. Railroads should excel in providing transportation of large, repetitive volumes between distant terminals, while trucks normally are better suited than railroads for "retail" collection and delivery service.

Many observers believe that growth of TOFC and COFC has been held back by a lack of cooperation between the modes, by lack of funds for investment in multimodal facilities and by inadequate public promotion and support; these observers believe that there is a great latent demand for dual mode, truck-rail service and that substantial cost and service improvements relative to present TOFC and COFC service can be achieved.⁹

Other multimodal services offer alternatives to all-rail freight transportation in the Region. Chief among these are truck-barge and slurry pipeline-barge.

Diversion of Rail Traffic to Truck

The Act directs the Association to make findings with respect to the public costs that would be encountered if there were a large-scale shut-down of rail service in the Region. It is not possible to make a precise determination of this matter. However, some general indications of the magnitude of the impacts of such an occurrence are possible. As indicated earlier, the Act clearly contemplated alternative service by several modes, not simply trucks. In the near term, however, only an expansion of truck services could provide the capacity to offset a sharp reduction in rail services; therefore, USRA has limited its analysis to the extra costs of a shift from rail to truck.

If most rail service were forced to terminate, over a long period of time a series of innovative new combinations of transport services probably would be developed: truck-barge and slurry pipeline-barge are perhaps the best examples. Within trucking, new adaptations and specialization of services would improve truck costs—particularly in increasing size of trucks and trailers and development of dedicated highway facilities. There would be an expansion of inland waterways with deeper dredging and higher-capacity barge systems. Thus it is almost impossible to determine the actual consequences of a gradual termination of the preponderance of rail services on the basis of existing technologies or comparisons of traffic charges.

Eight manufactured commodities which are prone to truck-rail competition without any change in packaging requirements account for 19 percent of all rail freight originated in the Region, 18 percent of terminations, and 50 and 45 percent, respectively, of manufactured products. Morton has estimated that shippers of these products are willing to pay a premium of up to 20 percent for the quality of service offered by trucks.⁴

Analysis of average truck and rail costs suggests that, if the Region's rail traffic were shifted to truck in about half of these commodities plus farm commodities which account for 11 percent of total shipments in Official Territory, transportation costs to shippers would increase by 37 percent. This cost analysis confirms the general presumption that railroads have been able to hold many commodities which trucks are capable of carrying only because railroads move these goods at lower rates. The higher quality of service provided by trucks is important for much but not all traffic. A coordinated service that would utilize trucks for pickup and delivery and transloading to rail for the line-haul may well be the most cost-effective approach for many light and medium density movements.

The Association attempted to narrow the analysis by studying the increased shipper costs of a major diversion of freight from rail to truck in a six-state area comprised of New York, New Jersey, Pennsylvania, Ohio, Michigan and Indiana.⁵ A consultant to the Association found that in these six states diversion of intraregional traffic in 11 commodities from the bankrupt railroads to truck would have increased transportation costs by an estimated half a billion dollars in 1970. This represents a 77 percent increase over existing transportation cost to shippers. Expanding this sample to the Region as a whole results, very roughly, in an increase in transportation costs amounting to \$600 million annually.

The Association's consultant also was asked to look at costs to shippers of substituted service by truck in two local areas. The resulting analysis of a relatively rural area in southeast Indiana (where a significant portion of the trackage has been designated as potentially excess by the Report of the Secretary of Transportation in February 1974) indicated that the most

⁴ The eight commodities are grain mill products, sugar, miscellaneous food products, pulp and paper products, hydraulic cement, concrete, gypsum and plaster products, steel mill products and motor vehicles and parts. Wilbur Smith Associates, *Economic Study of Alternative Modes for Rail Traffic and Their Costs: Overview, A Preliminary Report*; October 4, 1974, Page 88. Also see A. L. Morton, *Truck-Rail Competition for Traffic in Manufactures*, Proceedings, Twelfth Annual Meeting, Transportation Research Forum, 1971.

⁵ Wilbur Smith Associates, *op. cit.* p. 120. Intraregional freight for 11 commodities on railroads in reorganization accounted for one-fifth of total railroad tonnage in the Region. The 6 core states accounted for over four-fifths of the intraregional shipments of these 6 commodities on the railroads in reorganization in the Region. The 11 commodities studied include field crops, grain mill products, coal, iron ore, steel mill products, motor vehicles and parts, stone and gravel, manufactured building products, abrasives, paper products and industrial chemicals.

⁹ See especially, *Improving Railroad Productivity*, Chapter IV, and the discussion provided in Chapter 8 and Appendix F of this report.

serious cost impact would fall on products now transported into the area by rail. Sixty percent of these movements consist of mining products, mainly coal and gravel and sand. These costs are likely to experience a 49 percent increase.

On shipments out of the area—61 percent of which consists of waste, household appliances and grain mill products, in that order of importance—the transportation cost increase would amount to about 23 percent. This would still represent a major burden on the industries that provide the economic base for this area. In all likelihood, these increased costs would seriously affect the ability of shippers to compete with similar industries elsewhere which were not forced to divert to a more costly form of intercity freight movement.

Public Costs of Diverting Rail Traffic

It has not been possible to estimate the full range of social and environmental costs of a major shift of traffic of the bankrupt railroads to other modes. A very tentative estimate was made of the number of additional trucks and vehicle-miles necessary to haul the intra-regional traffic now being carried in the 11 basic commodities. In the 6-state core area, a diversion of these 11 basic products would increase the volume of rail-competitive trucking by 47 percent. Competitive trucking miles would increase 28 percent.

Additional vehicle-miles of combination trucks, due to the diversion of traffic from rail, ranges from an additional 14 percent in New Jersey to 70 percent in and through Pennsylvania. Since much of the additional highway traffic would occur in areas of concentrated demand, these additional vehicles would result in more congestion near larger urban areas. This is particularly significant because, in terms of highway capacity, highway planners generally equate one large truck with four to five automobiles.

As a measure of the social costs involved by such diversion to trucks, it is estimated that capital outlays for highways in the six states in 1970 would have been increased by \$105 million (4 percent) and maintenance outlays \$86 million (8 percent). By extension, it is estimated that such costs would increase on an annual basis by \$125 million and \$94 million respectively (or 3 and 6 percent) in the 17-state Region. Almost half of the total capital and maintenance outlays would have been required in Pennsylvania alone.

The estimated truck vehicle-miles required to move the intra-regional shipments of the principal commodities carried by the bankrupt railroads would have called for additional rural highway needs in the next 20 years of \$3.5 billion in the 6 core states and \$4 billion for the entire Region, or a 6 percent increase in rural area highway needs in the 6 states and a 4 percent increase

for the Region as a whole.⁶ The additional capital outlays would have ranged in 1970 alone from a low of \$5 million for New Jersey to a high of \$48 million for Pennsylvania in the 6 states studied. The impact on increased maintenance expenditures in 1970 would have ranged from \$2.6 million for New Jersey to \$37.5 million for Pennsylvania.

The increased maintenance expenditures over the next 20 years would exhibit a similar pattern. These increased outlays represent only an estimate of what would be needed to handle the augmented highway traffic in the rural areas under the assumption of diversion to highways. With respect to congestion in metropolitan areas, offpeak traffic would increase by 5 percent in the 20 largest metropolitan areas in the Region.

Half of all U.S. highway maintenance and over 40 percent of capital expenditures are made in the Region. The capacity of existing secondary highways and bridges somewhat constrains further growth of trucking in rural areas. Testimony before the Rail Services Planning Office of the Interstate Commerce Commission indicated numerous instances in which it was believed that existing roadways simply could not handle additional bulk movements by motor carriers. Also, highway maintenance expenditures have become increasingly burdensome to the states. Further reclassification of highways which would result in reducing the mileage available for federal construction funds, as authorized by Section 148 of the Federal Aid Highway Act of 1973, would affect this constraint over a period of time.⁷

Some compensation for the functional reclassification of highways to remove mileage from federal-aid systems is provided in the 1974 amendments to the Federal-Aid Highway Act which authorizes \$200 million to be spent in fiscal 1976 on roads not on Federal-Aid highway systems—where a substantial amount of highway traffic and highway trust fund earnings originate. Department of Transportation proposals for fiscal year 1975 expand the spending flexibility for roads not on Federal-Aid highway systems.

As noted earlier, to illustrate more specifically the impacts that could occur from such diversion, two areas were selected for more detailed study, one a rural area and the other urban.

⁶ As estimated by the Federal Highway Administration; total rural highway needs for the Region as of 1970 (including rural arterials) amounted to almost \$100 billion for the next 20 years. An additional \$24 billion were estimated for maintenance requirements in rural areas in the Region. If one includes all urban needs these figures double in amount. See 1972 *National Highway Needs Report*, U.S. Department of Transportation, pp. IV-11 and IV-83. Reprinted as House Document No. 92-266.

⁷ See Testimony of U.S. Department of Agriculture. Summarized in Rail Services Planning Office, *The Public Response to the Secretary of Transportation Rail Services Report*, Volume II, Mid-Atlantic States, October 1974, p. 123. Also, U.S. Department of Agriculture, *Transportation in the Countryside*, U.S. Congress, 93d Congress, 2d Session, Committee on Agriculture, House of Representatives, October 1974.

Richmond-New Castle, Indiana, was selected as the rural area. New Castle is the crossroads of four Penn Central lines and two Norfolk & Western lines which have been identified as "potentially excess" lines.^{*} Four other Penn Central lines crossing this zone are also designated as "potentially excess." Regarding impact on this area's highway system, a possible peak of 400 trucks added to daily traffic counts on the interstate route traversing the area is unlikely to place any serious burden on highway capacity, although they will add to maintenance requirements. The annual increase in truckloads moving into or out of the area is estimated at about 64,000; this extra truck traffic would involve significant increases in fuel consumption and in pollution.

Toledo, Ohio, was selected for further analysis as a representative urban area. Toledo ranks eleventh in the generation of carloadings in the Region. Four of the lines of the railroads in reorganization, and three lines of the Norfolk & Western which converge upon entering the Toledo area, have been designated as "potentially excess." The 6.75 million tons originating and terminating in Toledo would require about 400,000 truckloads annually, or an average of 1,400 truckloads daily, into the area to handle this tonnage if it were all diverted from rail to trucks. These 1,400 trucks would represent about a 39 percent increase in the truck traffic flow on local streets and an increase of 8 percent in offpeak-hour truck operations. Although not a serious problem for traffic on the Interstate Highway System, this increased trucking to and from delivery points in the Toledo area would represent a serious increase in congestion.

Alternate Mode Service to Light Density Lines

One of the key studies being performed by the USRA concerns service to light density locations. As fully described in Chapters 16 and 17 of Volume II, the study process involves analysis of two critical factors: the costs and revenues of providing rail service on each identified light density line, using 1973 data and various assumptions about traffic growth or rate changes; and employment and economic effects on local communities if they were to lose rail service.

The Association has posed the question, both as a policy matter and as a research technique, of what increase (or decrease) in transportation costs local shippers would experience if they were to use truck service instead of rail service. This extra (or reduced) cost is a key element in estimating the impact on the community of rail service discontinuance. Findings on this issue are presented in Chapter 7 and Appendix J. Related studies also provided the Association with estimates of the energy consumption and pollution impacts

of substituting truck service for rail. Indications of the scale of those effects are presented in Chapter 11.

In considering the extra costs or savings from the use of substituted service for light density rail lines, the relevant costing technique is again total distribution costs. Branch line rail users are no different in this respect than shippers located on main lines. In both cases the shipper must calculate transportation costs as only one element in the range of production, inventory and final distribution costs. The private decision on mode choice between rail and truck is, therefore, very much like the public benefit/cost analysis associated with retention, subsidy or abandonment of light density rail lines in view of possibilities for substituted service by truck.

The community impact study results presented in Volume II indicate a smaller range of adverse effects at the county level than one might expect from examination of testimony presented to the RSPO. In many low-volume areas, truck service would be chosen over rail if total energy and economic resource consumption factors were considered. Chapters 7, 11 and Appendix J offer documentation of this finding.

There are many instances, to be sure, where light density rail lines will not be recommended for inclusion in the Final System Plan. Unless subsidy or sale is arranged for these lines, rail service will be terminated, and shippers will have to relocate or use truck service that probably is more costly than existing rail service. Communities, local shippers and consumers would have to bear these extra costs. Initial research indicates, again, that these extra costs are not onerous, except in a few specific cases (see Appendix J). If rail service is abandoned, changes in trucking service and cost levels will reduce even these limited impacts.

Conclusions

The mature, industrialized communities in this Region require an assured flow of minerals, agricultural goods and bulk and heavy machinery shipments from other areas. If the facilities of bankrupt railroads were removed from service, the impact upon both urban and smaller local areas of the Region would be severe. In recent years, railroad strikes and truck stoppages have indicated the great dependence of the economy on reliable, coordinated freight transportation. Each mode contributes to the transportation system, but the nagging questions remain: Do we now have the best division of freight traffic among the modes? To what extent has unbalanced public financial support for the various modes altered optimum utilization of each mode? There is evidence that public financial support for other modes has had a substantial negative impact on railroads.

National transportation policy should have the overall goal of minimizing total resource consumption in the transportation of goods and people. If an alterna-

^{*}Department of Transportation, *Rail Service in Midwest and Northeast Region*, February 1974. For traffic estimates of diversion to truck in Richmond-New Castle, Indiana, and Toledo, Ohio, see Wilbur Smith, *op. cit.*, p. 176.

tive mode is available to areas now served by railroads, public costs should be considered in adopting a policy toward the competitive modes. There are social, environmental and energy costs involved in serving areas by truck or water which should be compared to the costs involved in various forms of assistance to the railroads within the Region. To the extent that total costs are lower for the other modes, the use of such other modes should be increased and vice-versa.

In the 17-state Region, rail competes with highway, water, air and pipeline transport. The ubiquity of the highway network and technical advances in road equipment make truck competition especially formidable. Railways generally have cost advantages over trucks in providing line-haul and long distance movement of carload lots but are less able to provide quick delivery and are less flexible with respect to pickup and delivery times and locations. Rail is more flexible and faster than barges, but often at higher unit costs. No combination of pipelines, truck and barge service can replace fully the service provided by railroads.

Shippers have indicated a willingness to pay premiums for the quality of service provided by other modes, and this is a factor to be considered in analyzing the desirability of maintaining rail service or encouraging service by alternative modes. Railroads may not be the best mode of performing traditional terminal services. However, railways can rely on truck subsidiaries or contract truckers to perform some of the pickup and delivery service, with transfer to and from rail at appropriate terminals. While trucks are limited in what they can carry economically, recent legislation to increase the sizes of such vehicles will, absent other factors, expand the universe of truck-eligible traffic.

In cases where light traffic volume makes rail service uneconomical, and service continuation subsidy is not justified, some substitution of truck for rail service will take place. If existing highways are not able to handle increases in heavyweight trucking, additional highway expenditures may be necessary. No doubt there are cases where the costs of such highway expansion would exceed the rail continuation subsidy requirement.

11

Factors Affecting Environmental Assessment of the System Plan

The Regional Rail Reorganization Act of 1973 recognizes that efficient and safe high-density rail service can play a vital role in conserving energy and protecting the environment. The Act directs the Association to assess the potential environmental and energy use advantages and disadvantages of providing transportation by railroads and other modes.

This chapter provides background for an assessment of the environmental consequences of any plan to restructure the rail system in the Region. USRA findings were drawn from internal and external sources, including studies prepared by federal, state and independent agencies, and testimony presented at Rail Services Planning Office hearings.

These findings have led to the conclusion that, although rail service is more efficient than other modes for long- and medium-haul traffic, the use of trucks for many short, light-density hauls would lower current levels of harmful emissions, decrease energy consumption and, most important, aid in providing a high quality rail system. The most significant environmental benefit associated with rail service is to insure the retention of quality rail service in major markets.

All human activities require energy and affect the environment. The magnitude of these environmental consequences depends both on the aggregate amount of human activity (a function of population and consumption per person) and on the type of activities people engage in or the kinds of products they consume. The transport sector of the economy uses large amounts of land and energy and has manifold environmental effects. In 1973, all transportation accounted for 31 percent of the energy consumed in the United States, but freight and common carrier passenger transportation consumed only 12 percent. Transport facilities, including principally highways, roads and streets, airports, railroad yards and port facilities occupy 1.5 percent of America's land area.

Transport-related environmental impacts are more directly dependent on types of economic activities than on total growth of the economy. As noted in Chapter 1, transport demand is growing more slowly than GNP. At the same time, however, and as noted in Chapter 8 and Chapter 10, the mix of transport modes is changing dramatically. Railroads are losing market shares to trucking and inland waterways. Rail passenger traffic has shifted to private autos and airlines. These shifts have been made to accommodate the changing nature of economic activity and altered service requirements or preferences of shippers and travellers. In each example cited above, the environmental impact of the shift almost certainly has been negative.¹

In sum, transportation causes a substantial part of the pollution-generation problem of a modern industrial society, and the rail contribution to that problem, while not insignificant, is only 3-4 percent of all energy used. It is clear that the growth of freight transport activity is less of a reason for environmental concern than the shift away from railroad transportation during the post-war period.

The Regional Rail Reorganization Act clearly mandates assessment of the relative environmental impact of railroad service versus transport by alternate modes. This chapter presents a foundation for such an assessment, by discussing relative energy consumption and pollution emissions of the various modes—with qualifications based on types of transport services provided. Battelle Memorial Institute of Columbus, Ohio, under contract to the Association, will prepare an environmental assessment of the Final System Plan that will incorporate findings of other studies.

Congress intended that the plan for restructuring rail service in the Northeast and Midwest achieve several environmental goals. Section 206(a)(6) of the Act directs that the Final System Plan be formulated to achieve:

attainment and maintenance of any environmental standards, particularly the applicable national ambient air

standards and plans established under the Clean Air Act Amendments of 1970, taking into consideration the environmental impacts of alternative choices of action.

Section 202(b)(2) indicates that the Association should investigate:

the extent to which available alternative modes of transportation could move such traffic as is now carried by railroads in reorganization; and the relative social, economic, and environmental costs that would be involved in the use of such available alternative modes, including energy resource costs.

Other references to environmental, social and energy considerations appear elsewhere in Sections 202 and 206.

Although the Association must consider the environmental effects of railroad operations in the course of its planning process, Section 601(c) of the Act specifically exempted the Association from the preparation of an Environmental Impact Statement (EIS) during the planning stage. After the effective date of the Final System Plan, various activities of the restructured railroads may be subject to the provisions of the National Environmental Policy Act.

This chapter seeks to provide a general appreciation of the type and magnitude of environmental consequences that are likely to flow from restructuring rail service in the Region. In so doing, it provides initial answers to such important questions as these: If operations of the railroads in reorganization were to be dramatically curtailed in scope, perhaps eliminated, what would be the environmental impact? What will be the effect on local environments of discontinuing rail service on light-density lines? How do the environmental effects of railroads compare with those of competing modes of transportation?

The material in this chapter draws heavily on previous studies of transportation effects on the environment conducted by the Environmental Protection Agency, Council on Environmental Quality, the Departments of Commerce, Interior, and Transportation and other federal and state agencies. Findings made by these agencies, in conjunction with federal regulations and state and local ordinances, have modified the activities of Commerce, Interior, and Transportation and other. This trend will continue. In addition to reviewing previous studies and testimony presented to the RSPO, the Association sponsored several studies directed at an environmental assessment of the Final System Plan. Some of the preliminary findings of these studies are described in this chapter.

Environmental Effects of the Modes

The various modes of transportation differ with respect to their impact on the environment. This section discusses those differences in the categories of energy consumption, air pollution, noise and water pollution, concentrating on mainline traffic movements.

¹ Barry Commoner, Michael J. Corr and Paul J. Stamler, "The Causes of Pollution," *Environment* (Apr. 1971), p. 3.

Successful restructuring of the Midwest and Northeast rail system under the Final System Plan would prevent an abrupt change in the mix of transport modes that would substantially alter fuel consumption patterns. If the Final System Plan were to result in a significant increase in truck traffic through urban areas where pollutant concentrations are already high, the Plan might impinge upon transportation control plans adopted by some air quality control regions. Any switch from rail to truck transport for longer distances would increase pollutant emissions from truck engines substantially more than the corresponding decrease in locomotive emissions. Presumably, a small incremental increase in truck traffic along rural roads replacing minimal rail traffic along branch lines would not produce enough change in pollution emissions to violate air quality standards.

Other aspects of the restructured rail service are also potentially significant. For example, increased rail electrification would increase the amount of fuel being consumed by electric generating stations with an attendant growth in particulate and sulfur-oxide concentrations of the air down-wind of these power plants, but would reduce rail diesel emissions enroute. Increased rail commuter service also would reduce the amount of internal-combustion engine emissions from the automobile in commuting areas.

Energy for Train Movement

Total U.S. energy consumption for 1972, in quadrillions of BTUs, is shown in Table 1. Within the transportation sector shown, about 74 percent of total energy use is for passenger movement. Another 23 percent of transportation energy consumption is for local and intercity trucking, rail freight movements and air-passenger transportation. The balance of 3 percent is consumed by water, pipeline and air-freight carriers. Over the past decade, transportation energy use has been increasing by 4 to 5 percent annually, a higher rate than traffic growth. This reflects shifting modal shares and perhaps operating practices which are less energy efficient than those used in the past.²

TABLE 1.—U.S. energy consumption

Sector	Consumption	Percent
Household and commercial	18.0	30
Industrial	22.9	39
Transportation	18.3	31
Total	59.2	100

Source: Federal Energy Administration.

Energy sources for the transportation sector in 1972 are shown in Table 2.

TABLE 2.—Energy sources for transportation

Source:	Trillions of BTUs consumed
Coal	4.3
Oil	17,496.5
Gas	789.9
Electricity from utilities	15.5
Total	18,306.2

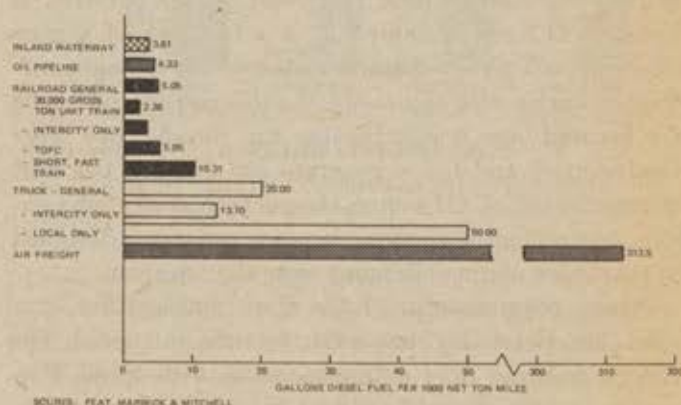
Source: Federal Energy Administration.

Plainly, oil is the mainstay of the transportation sector: 54 percent of the Nation's petroleum fuel consumption is used to produce transportation services.³ World oil reserves fluctuate with exploration activity and discovery, but should not be considered inexhaustible. It is imperative—even without considering import uncertainties and rising prices—to conserve the use of petroleum to the extent that this can be done without economic and social disruption.

Figure 1, based on the findings of Peat, Marwick and Mitchell, shows relative energy consumption by transport mode. According to these data, the ratio of fuel used per ton-mile moved is substantially lower for railroads than trucks. Inland waterway and pipeline energy consumption per ton-mile is slightly better than for all railroads, but if the comparison is drawn with heavy-unit trains—the type of service which if necessary could substitute for barge and pipeline movements—railroads are more energy efficient than these modes as well.

The findings for energy intensiveness of railways compared with trucking are of particular relevance because these are the two ubiquitous modes. Rails and trucks compete for carload traffic in almost every town of the Nation. It was largely for this reason that Chapter 10 concentrated so heavily on the rail-truck trade-off. Similarly, testimony before the RSPO frequently addressed the relative energy savings of service by rail compared to truck.⁴

FIGURE 1
ENERGY INTENSIVENESS



³ Wilbur Smith and Associates, *Economic Study of Alternative Modes and Their Costs: Final Report*, p. 149.

⁴ For example, Rep. Barber B. Conable, Jr. (N.Y.) testified: "The substantial energy efficiency advantages of railroads in long-haul freight service are well recognized and should be encouraged . . ."

² Peat, Marwick and Mitchell, *Industrial Energy Studies of Ground Freight Transportation*, July 1974.

TABLE 3.—Variations in energy intensiveness by mode

Btus per net ton-mile					Ton-miles/gallon		
	Rand Corp. "Methods for est. vol. energy and demand of freight transportation"	Battelle Laboratories "Energy required for movement of intercity freight"		Oak Ridge National Laboratories	(Btu/ton-mile at 138,000 Btu/gal)		
		Emissions analysis basis	Fuel-use basis		Carnegie- Mellon U.	DOT	FEA
Freight.....					20		
Inland Waterway.....	500			680	240 (578)	300 (463)	23
Oil pipelines.....	1,850			450	267 (519)		37
Air freight.....	63,000			42,000	¹ 10 (13,500)		5
Railroad:							
30,000 gross ton unit train (200 cars) at 25 mph.....					420 (330)		
3,000 gross ton train (40 cars) at 90 mph.....					97 (1,430)		
Total freight.....	750		680	670		180 (771)	15
Intercity.....		² 475	500				
Trucking:							
Total freight.....	2,400		2,800	2,800		50 (2,774)	31
Intercity.....		² 1,730	1,870				
Local urban trucking.....							19

¹ Kerosene at 135,000 Btu per gallon. ² Excludes fuel spillage and waste.

Table 3 represents an effort to show that the Peat, Marwick and Mitchell findings displayed in Figure 1 are corroborated in several other studies. These studies use different bases and arrive at various different estimates, but there is a remarkable degree of uniformity in their findings.

To be sure, the comparisons shown in Figure 1 are based on ton-miles and thus do not reflect different values in the goods. Furthermore, ton-mile calculations for railroads usually fail to include the additional transportation to and from the rail head. Accordingly, the number of ton-miles required to move goods between points intermediate to rail terminals can be greater than if the shipment moved entirely by truck. This is particularly important for shipments moving relatively short distances. These drawbacks noted, no better index is available.⁵

Many factors affect the relationship of fuel consumption to ton-mile production. The principal physical resource consumed in both train and truck operation is diesel fuel. Fuel consumption is a function of engine efficiency and power requirements and diesel engine efficiency varies with engine size. In this respect, railroads are favored over trucks because rail diesels have large displacement and hence generate less friction per unit of tractive effort. Of course, the performance of any engine depends upon the maintenance programs designed to maximize engine efficiency over the long run.

Power requirements of the two modes differ considerably. Generally they relate to mass and speed. The energy required for traction increases with speed. Frequent changes of speed produce kinetic energy requirements, and trucks are more sensitive to this than trains,

although accelerating, decelerating, changing grade and braking characterize both modes.

Comparative power requirements are also affected by load factors and optimum cargo densities—which are higher for railroads than trucks. Other considerations are circuitry, empty equipment movement, the relationship between gross weight and payload and the horsepower-to-weight ratios of the tractor and locomotive.

An ideal comparison between rail and truck would use engineering functions to relate differences in operational characteristics to energy usage. Unfortunately, this approach is not possible because the necessary data are not available; the complexity of the issue has so far defied investigation.

Electrification and Energy

Railroads are the only surface mode of transport for which the substitution of other fuels for petroleum is technically feasible. Although the overall energy efficiency of electric rail propulsion may be about the same as that of the modern diesel, the source of energy can be coal, nuclear, hydroelectric, solar or other sources. A study⁶ has estimated that electrifying the 6,200 miles of main line railroad with the highest density traffic would cost almost \$900 million (excluding power plants) and would shift the movement of about 900 billion net ton-miles (1973) of freight away from oil dependency. At 200 net ton-miles per gallon, this could save up to 1 billion gallons of fuel (1973), or 24 percent of all the diesel fuel used in 1973 by Class I railroads, 5 percent of all petroleum used for ground

⁵ American Trucking Association, *Debunking the Rail Energy Efficiency Myth*, August 1974, and *The Ton-Mile, Does It Properly Measure Transportation Output*, January 1975.

⁶ Pan-Technology Consulting Corporation, Inc., *Cost-Effectiveness Review of Railroad Electrification*, prepared for Federal Railroad Administration, Department of Transportation, Washington, D.C., April 1973.

freight transportation or 0.4 percent of total petroleum consumption in the U.S.

The electrification of a rail line requires 3 to 5 years. A minimum of 1 year is required to design the system, including safety and signal change requirements, and at least 2 years is required to construct and test the system. Construction of the electric transmission system without interference to traffic is a further complication.

The major disadvantage of electrification has been its marginal economic return in view of the cost of capital. Investment of \$125,000 to \$200,000 per route mile (not including power stations or transmission facilities) would be required.⁷ Moreover, the recent energy shortage has tested the ability of the utilities in general to meet even existing demand, much less added demand. Environmental concerns and the renewed demand for coal may cause generating capacity and fuel supply problems in the short term.

Air Pollution

Direct engine exhaust emissions have been identified as a major factor in the degradation of the environment. The principal pollutants resulting from diesel-fuel combustion are carbon monoxide, unburned or partially burned hydrocarbons, oxides of nitrogen and sulfur, smoke, other particulates and odor.

Comprehensive data on diesel-engine exhaust emissions are not readily available. However, the Battelle Columbus Laboratories estimated that in 1970 American railroads generated 800,000 tons of gaseous emissions (particulates excluded) and 26,000 tons of smoke emissions. Figure 2 puts this in perspective.

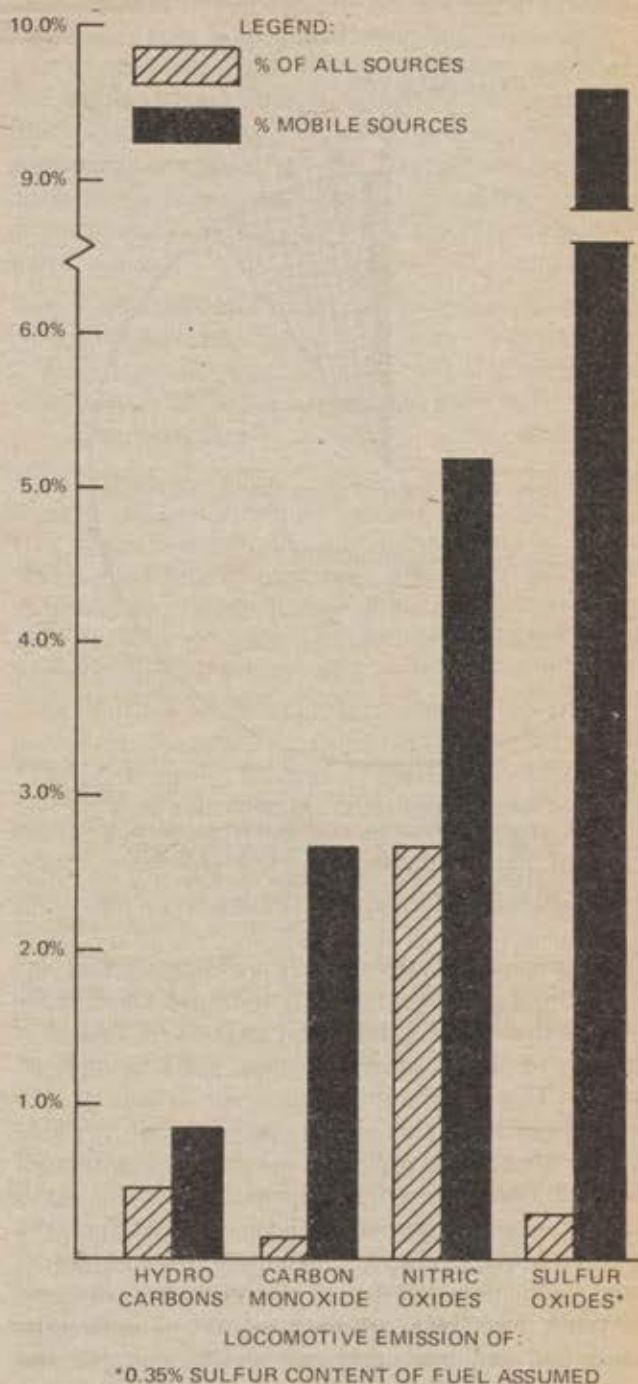
Figure 3 shows Battelle Columbus Laboratories estimates of air-pollutant emissions from all transportation sources in a recent year.

Clearly, light-duty gasoline engines such as those used in automobiles and panel trucks are the principal source of emissions, but the significant comparison for freight service is the fact that diesel trucks produce almost half again as many tons of emissions as do railroads, while all trucks (both for hire and private, and mainly diesels) produce only a little more than half as many intercity ton-miles of freight movement as railroads do.

The relationship between energy input and pollution output is the same as the energy consumption ratios for intercity freight movement by truck and rail—about four to one. A study for the year 1970⁸ indicated that, with trucks carrying almost half as much freight traffic as railroads, truck emissions were approximately double those of the railroads. This finding

FIGURE 2

LOCOMOTIVE GASEOUS EMISSIONS - 1970



SOURCE: Study by Southwest Research Institute for the U.S. Environmental Protection Agency.

agreed with those of a study performed for the Department of Health, Education and Welfare in 1968.⁹

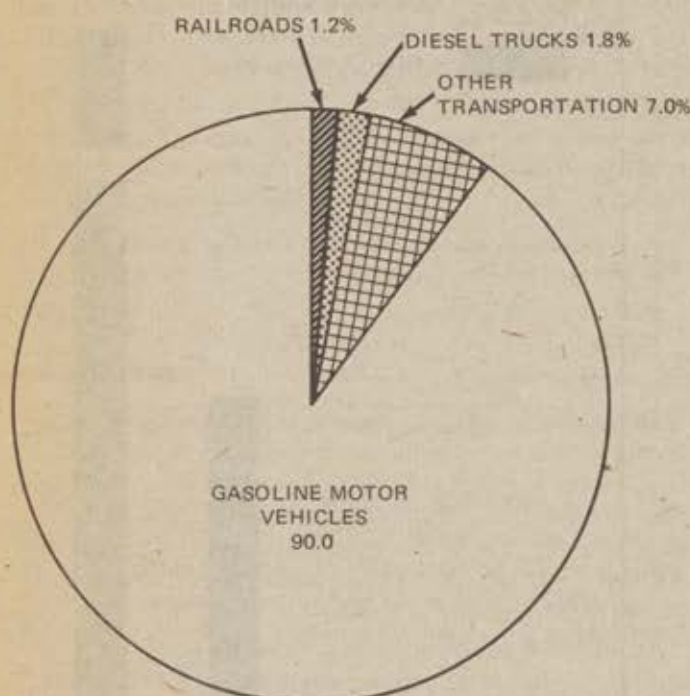
⁹ *Nationwide Inventory of Air Pollutant Emissions, 1968*, National Air Pollution Control Administration, DHEW, August 1970.

⁷ Post, Marwick and Mitchell, *Industrial Energy Studies of Ground Freight Transportation*, July 1974, pp. ix-15.

⁸ Battelle Columbus Laboratories, *A Study of the Environmental Impact of Projected Increases in Inter-City Freight Traffic*, AAR, August 1971.

FIGURE 3

PERCENT OF AIR POLLUTANT EMISSIONS FROM ALL TRANSPORTATION SOURCES - 1968



SOURCE: BATTELLE COLUMBUS LABORATORIES, A STUDY OF THE ENVIRONMENTAL IMPACT OF PROJECTED INCREASES IN INTERCITY FREIGHT TRAFFIC TO ASSOCIATION OF AMERICAN RAILROADS, AUGUST 1971, p. 18

A comparison of Tables 4 and 5 illustrates that energy consumption and air pollution output are directly proportional. Use of a thousand gallons of fuel in a locomotive produces, on the average, 688.5 pounds of emissions. The comparable figure for trucks is 678 pounds. Essentially, this one-to-one relationship yields the four-to-one modal pollution relationship. Although trains and trucks produce approximately the same amount of emissions per thousand gallons of fuel, the composition differs. The rail mode produces significantly more particulates, sulfur oxides and hydrocarbons, while truck emissions concentrate carbon monoxide. Whether one combination is more deleterious than the other is unknown.

Two specific considerations are imposed upon the Final System Plan by Section 601(c)(1) of the Act with respect to air pollutant emissions. First, the emissions must meet the requirements of all State Implementation Plans (SIPs), which set forth control strategies to achieve air quality standards between 1975 and 1978. The SIPs include emission standards for stationary sources, such as power plants. In some air quality control regions (AQCRs) transportation control plans call for reduction of highway traffic. Plans for main-

TABLE 4.—Average locomotive emission factors based on nationwide statistics

Pollutant	Average Emissions*	
	lb/10 ³ gal	kg/10 ³ liter
Particulates†	25	1.1
Sulfur oxides‡ (SO _x as SO ₂)	57	2.6
Carbon monoxide	430	19
Hydrocarbons	94	4.3
Nitrogen oxides (NO _x as NO ₂)	370	17
Aldehydes (as HCHO)	5.5	0.25
Organic acids‡	7	0.3
Total	688.5	31.2

*Based on emission data contained in Table 5.2 and the breakdown of locomotive use by engine category in the United States in C. T. Hare and K. J. Springer, "Exhaust Emissions from Uncontrolled Vehicles and Related Equipment Using Internal Combustion Engines."

†Data based on highway diesel data from T. C. Young, Unpublished Data from the Engine Manufacturers Association, Chicago, Ill., May 1970.

‡Based on a fuel sulfur content of 0.4 percent from G. P. Hanley, Exhaust Emission Information on Electro-Motive Railroad Locomotives and Diesel Engines, General Motors Corp., Warren, Mich., October 1971.

Source: C. T. Hare and K. J. Springer, "Exhaust Emissions from Uncontrolled Vehicles and Related Equipment Using Internal Combustion Engines," Part I, Locomotive Diesel Engines and Marine Counterparts, Final Report, Southwest Research Institute, San Antonio, Tex., prepared for the Environmental Protection Agency, Research Triangle Park, N.C., under Contract Number EHA 70-18, October 1972, as quoted in U.S. Environmental Protection Agency, *Compilation of Air Pollution Emission Factors*, April 1973, p. 3.2.2-1.

TABLE 5.—Emission factors for heavy-duty, diesel-powered vehicles*

Pollutant	Emissions	
	lb/10 ³ gal	kg/10 ³ liter
Particulate	13	0.6
Sulfur oxides† (SO _x as SO ₂)	27	1.2
Carbon monoxide	225	10
Hydrocarbons	37	1.7
Nitrogen oxides (NO _x as NO ₂)	370	17
Aldehydes (as HCHO)	5	0.2
Organic acids	7	0.3
Total	678	31.0

*Data are based on weighting factors applied to actual tests conducted at various load and idle conditions with an average gross vehicle weight of 30 tons (27.2 MT) and fuel consumption of 5.0 ml/gal (2.2 km/liter).

†Data based on fuel with average sulfur content of 0.2 percent.

Source: Young, T. C. Unpublished emission factor data on diesel engines. Engine Manufacturers Association Emission Standards Committee, Chicago, Ill., May 1971, as quoted in U.S. Environmental Protection Agency, *Compilation of Air Pollution Emission Factors*, April 1973, p. 3.1.5-2.

taining air quality at the standards for the next decade are being evolved as part of the SIPs.

SIPs require that emissions of sulfur dioxides, particulates, carbon monoxide, nitrogen oxides and hydrocarbons meet specified standards. Where stationary source emissions are now greater than the specified amount, control devices or methods must be employed to reduce the emissions. Plans for maintenance of air quality standards will restrict the introduction of new air pollution sources where the pollutant concentrations may violate standards.

The second consideration with respect to emissions that is relevant to the Final System Plan is the federal

standard calling for the reduction in air-pollutant emissions from new diesel engines. For instance, exhaust smoke opacity of model year 1973 diesel engines must not exceed 40 percent during the engine acceleration mode and 20 percent during engine lugging mode. As a result of new engine performance standards such as these, objectionable aspects of both truck and locomotive diesel engines will decrease. Introduction of these new engines will temper the adverse environmental impact of increases in use of both transportation modes.

Noise Impact

In recent years, there has been increasing awareness of noise as a significant factor in the quality of life. For the most part, concern has focused on occupational noise rather than community noise, to which railroad operations contribute. According to the Commerce Department's Panel on Noise Abatement, "The various modes of transportation, taken collectively, represent the major cause of complaints about noise. Aircraft noise has received the most publicity in recent years and is unquestionably the major source of annoyance for millions of Americans who live near airports. Although the sound levels involved are much lower, many more people are annoyed by surface transportation noise, especially from trucks, buses, motorcycles, and sports cars."

No mention is made of railroads, and the Association does not consider the noise produced by their operations to be of significance except, perhaps, in a few local circumstances. The proximity of tracks and residential housing can produce unpleasant intermittent noise levels. Such conditions do exist, but they are rare in terms of overall rail activity. Moreover, they may be decreasing due to movement of both population and high-density rail traffic away from central cities where these atypical circumstances are usually found.

The amount of noise produced by train operations depends upon the following factors:

- The location of rail lines relative to residential or other frequented areas.
- The location of major highways and streets.
- The type of equipment in use.
- The number of grade crossings and state laws concerning audible warnings.
- The number and age of motor vehicles replacing rail.
- The types of motor vehicle engine in use—diesel vs. gasoline.
- The age of the motor vehicles in use.
- The overall level of background noise.

Adverse community reaction may be expected when the energy level of an intruding noise exceeds the resid-

ual noise level.¹⁰ The degree of reaction depends primarily on the amount of the excess and, secondarily, on such additional factors as season, personal attitude and characteristics of the noise. A USRA consultant¹¹ concluded that widespread complaints generally may be expected when the energy equivalent levels exceed the residual level by approximately 17 decibels (dB), and vigorous community action is likely when the excess is approximately 33 dB. Daytime outdoor residual noise levels vary widely, depending on the type of community, and can be grouped into the following approximate ranges:

• Wilderness and rural	16-35 dB(A)
• Suburban residential	36-45 dB(A)
• Urban residential	46-55 dB(A)
• Very noisy urban residential and downtown city	56-75 dB(A)

Intermittent noises created by multiple single events—such as infrequent passage of a diesel locomotive, aircraft overflights and diesel trucks on the highway—constitute an important source of noise pollution. Presumably, people living in quiet rural communities are likely to be more affected and irritated by these events than residents of cities.

In addition to the noise generated by the freight cars and diesel locomotives, the siren or horn can produce high noise levels. Passage of trains across local streets and highways may produce additional noise if the crossing is protected with warning bells. Switching of freight cars can produce loud sounds during coupling operations, and automatic car retarders in some classification yards produce an objectionable squeal. Normal freight operations cause a loud series of bangs when the drawbar slack is pulled out or contracted as the train accelerates or decelerates. Where continuous welded rail is not used (virtually all branch lines fall into this category), noise is emitted as car wheels cross the rail joints. On lightly used rail lines, these noise levels would only be bothersome to residents living or working in close proximity to the line.

In communities where the rail line adjoins warehouses or other structures, trees and shrubbery, sound transmission may be blocked or effectively muffled. Interior noise levels are normally lower as a result of the sound absorbing characteristics of buildings, so the greatest impact is likely to be felt by those residents who spend the most time outdoors.

In general, the sound levels from both trains and trucks can range from 75 to 100 dB, with values around 80 to 90 dB being common for 50 feet away from a vehicle moving 50 m.p.h. Sound levels at the upper end of this range are critical if there is extended exposure,

¹⁰ Environment Protection Agency, *Community Noise*, Office of Noise Abatement and Control, WR 71-17, Washington, D.C., November 1971.

¹¹ Consad Research Corporation, *Community Impacts Resulting From Loss of Rail Service*, Vol. IV, p. 65.

while sound levels at the lower end are characterized as "annoying" by many people.

The Railroad Noise Emission Standards document published by the United States Environmental Protection Agency in July 1974 deals primarily with noise from locomotives and flat wheels on rolling stock. Compliance with these requirements will reduce noise from railroads. The requirements for locomotive noise, for example, would have the effect of doubling the distance between the listener and the locomotive.

Water Pollution

Water quality can be affected by railway operations and maintenance as a result of accidental spills of chemicals or other harmful substances from train wrecks, herbicide use, drainage disruption and leakage of oil and lubricating fluids. The seriousness of the situation is dependent upon ground water levels, proximity to water surface seepage and the biodegradability of the foreign substances.

Railroad causeways can interfere with normal water flow, thus affecting marshes and other ecologically sensitive areas. Any resulting artificial impoundment of water could lead to atrophication and degradation of water quality. There is at present no systematic method by which such pollution can be measured.

A more serious threat to water quality is posed by the wide application of pesticides to railroad rights-of-way for weed and brush control. Railroad vegetation control is usually performed on an 8-to-24-foot-wide strip centered on the rails. This control zone constitutes a firebreak to protect adjacent properties from sparks emitted during running or braking operations by the wheels of railroad cars. Normally, the faster a train travels through an area, the wider is the required weed-free area.

Application of herbicides is not uniform. It is a function of the terrain and vegetation, and loadings per acre are generally determined by the manufacturer's specifications. A detailed investigation of the environmental degradation caused by weed and brush control is not possible owing to the indeterminate nature of potential runoff of chemicals into surface waters.

Spillage of fuel—especially at railroad fueling stations, shops and terminals—has environmental effects. However, the percentage of spillage in relation to the quantity used is infinitesimal.¹² Railroads in general have introduced concrete and steel service platforms, with basins and connected sewer systems, to minimize the principal problem associated with spillage—the generation of fuel-water emulsions and sludge. The USRA endorses this practice and anticipates its continuance by ConRail.

In 1973 all forms of transportation used about 0.7 to 1.0 billion gallons of lubricating oil products. Of this

amount, the railroads used about 86 million gallons, local trucking 138 million and intercity trucking about 83 million—totalling 307 million gallons.

About 15 to 25 percent of lubricating oils are consumed by vehicles during operation, some of which enters the environment as air pollutants. The balance is generally recovered and sold to reclaimers who remove undesirable suspensions and recycle the product. About 10 to 20 percent of waste oil is reclaimed as a lubricant. Thirty percent is reduced to nonusable sludge, and the balance is used in other oil products or sold as fuels.

Freight Car Dismantling

When a freight car is condemned, certain reusable parts, scrap iron and steel are recycled. A visible environmental impact of the recycling of freight car scrap is the air pollution and aesthetic degradation caused by the open burning of freight cars to remove wood. Some 70,000 freight cars are dismantled each year and it is estimated that half these cars contain three to seven tons of wood each.¹³ This translates to the burning of approximately 200,000 tons of wood per year. However, anti-pollution regulations have restricted this activity, and the Region's railroads have largely switched to mechanical means of wood removal.

The Environmental Protection Agency has been studying environmentally superior substitutes for open burning. These are said to include semi-enclosed incinerators and water jets. The Association endorses the development of these alternate means and will support their application when development has progressed to the point of practicability.

Light-Density Lines

Discontinuance of rail service on light density lines will affect the physical and aesthetic environment as well as produce the socioeconomic changes discussed in Volume II. The specific impacts in each community and along rights-of-way depend upon the nature of rail operations prior to discontinuance of service and the nature of substituted transportation operations. These impacts are discussed below.

Energy

It is not possible to generate county-by-county estimates of the energy impact of light density line service discontinuance of the kind developed for employment and income consequences in Appendix J. The change in the total energy requirement for the entire movement will be a function of the degree of substitution of truck for rail—whether truck is substituted for the entire light-density segment or only for the haul from the nearest remaining rail head to the destination.

¹² Peat, Marwick and Mitchell, *op. cit.*

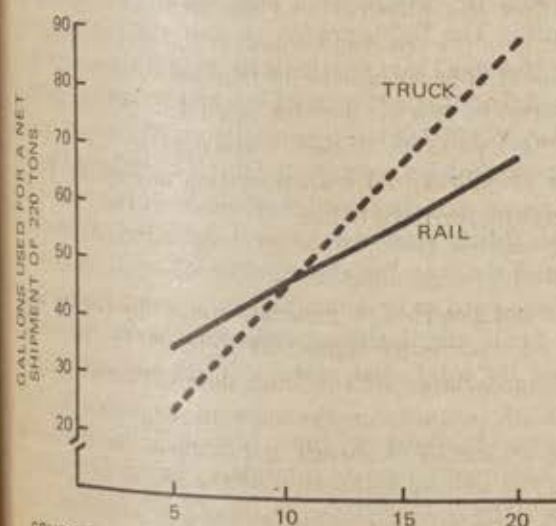
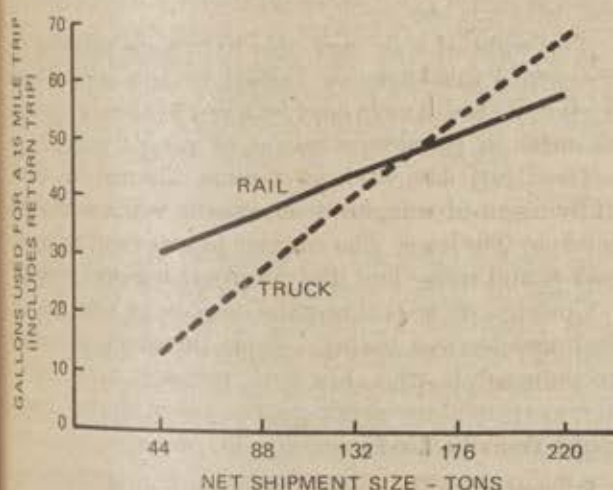
¹³ Battelle Columbus Laboratories, *op. cit.*, p. 33.

To generalize, it appears that the shorter the trip distance and the lighter the load, the lesser the energy efficiency of rail compared to truck. Figure 4, which is based on assumptions that truck speed is 30 m.p.h., that train speed is 8 m.p.h. and that one rail car hauls twice the load of one truck, shows this graphically.

There is no single break-even point at which rail service becomes more efficient. Depending on factors such as vehicle speed, weight, route geometry, length of haul and idling time, the break-even point will change for every situation. Figure 4 provides only two examples drawn from an infinite number of possibilities. The extent to which trucks employed in substitute service obtain a back-haul will affect the comparative outcome, too.

FIGURE 4

ESTIMATED FUEL USAGE FOR RAIL & MOTOR CARRIERS



SOURCE: US DEPARTMENT OF TRANSPORTATION
THE ENVIRONMENTAL IMPACT STATEMENT
ON "THE TRANSPORTATION IMPROVEMENT
ACT OF 1973"

Air Pollution

Figure 3 indicated that rail and truck operations together generate approximately 3 percent of pollutant emissions in transportation. Available statistics indicate that trucks produce approximately four times as much air pollution per ton-mile as trains in mainline service. Nevertheless, the effects on the atmosphere of service discontinuance are likely to be offsetting.

Specific air pollutant emission rates for each affected area will depend on the type of equipment being used, fuel characteristics and the nature of load operations. Gross measurements of energy use and emissions must be viewed with particular caution since the overall advantages of fuel efficiency and lower emission rates inherent in the rail mode are reduced when routes are particularly circuitous and idling time is high. Also, the four-stroke switch engines commonly used in branch line operations are particularly high in pollution emissions.¹⁴

Noise

As pointed out in the discussion of noise pollution presented above, peak and average emanations from rail and motor carriers are similar. Nevertheless, motor-carrier operations can produce a greater level of noise impact on community residents because more trucks than rail cars are required to carry the same tonnage. A typical boxcar can carry from 1.6 to 2.8 times the load handled by trailers, as shown in Figure 5.

The problem of quantifying the magnitude of difference in noise effects between the two modes is quite complicated. The important factor in determining the trade-off between rail and motor carriers is the location of the highways and rail lines involved in relation to population centers.

With respect to the general effect of noise pollution, an estimated increase of 5 to 10 trucks per day in the use of adjacent highways should not be significant. Even if accurate methods were available for measuring the psychological distress caused by noise pollution, it is highly unlikely that such minimal increases in the general level of noise would cause measurable alteration in the stress level of individuals. Consequently, no significant effect on noise pollution of rail line discontinuance can be identified by the Association.

Water Quality

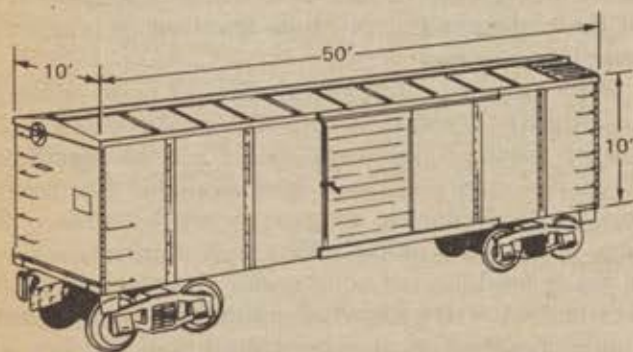
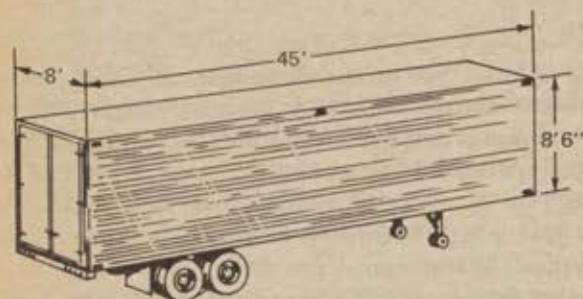
In general, nonuse of a rail line within a community may produce some minute improvement in local water quality through the elimination of herbicide leaching and runoff. As data on the extent of this runoff are presently unavailable, there is no method for estimating its potential impact. Since the vast majority of branch lines have not had chemical weed and brush control application of herbicides, however, it is likely

¹⁴ Wilbur Smith and Associates, *op. cit.*, p. 65.

FIGURE 5

COMPARISON OF TYPICAL BOXCAR
AND TRAILER DIMENSIONS

TYPICAL DIMEN- SIONS	APPROXI- MATE CUBIC CAPACITY	TYPICAL LOAD CAPACITY	RATIO OF BOXCAR TO TRAILER	
			CUBIC CAPACITY	WEIGHT OF LOAD
TRAILER 8'w x 8'6"h x 45'L	3060 FT. ³	25 TONS	1.6	2.8
BOX CAR 10'w x 10'h x 50'L	5000 FT. ³	70 TONS		



that the overall environmental impact on water quality resulting from discontinuance of service on light density lines is negligible.

Land Use

The discontinuance of a rail line has a number of land use implications for the surrounding area.¹⁵ Railroad branch lines generally occupy a narrow strip of land, 60 to 100 feet wide, which may extend for many miles. Because trains are unable to climb steep grades,

the slope of this land will be gentle, and in hilly or mountainous areas the route is likely to be circuitous.

Re-use possibilities for this land generally fall into two broad categories: those that take advantage of the land's unique character as a right-of-way and those that involve breaking up the railroad property and joining its pieces to abutting parcels. Because rights-of-way, when desired, are expensive to assemble, attention will usually be given first to possibilities for maintaining the right-of-way.

In suburban areas, the right-of-way often will have substantial potential for mass transit use, either as a part of a rail or light-rail rapid transit system, as an exclusive use busway or perhaps for use by dual-mode "rail-buses" which can run on both rails and roads. Rights-of-way have been taken over for rail rapid transit use in Boston, Chicago, New York and Philadelphia. Although rail rapid transit is most feasible in high-density metropolitan areas such as these, medium-density metropolitan areas could use abandoned rights-of-way for rail-buses or pave them for exclusive bus use.

The right-of-way may also have some potential for conversion to a highway. Indeed, in some unusual cases it may be necessary to convert a rail line into a highway in order to preserve a means of freight access to an isolated rail user such as a mine. The narrow width of the right-of-way, however, usually will limit any new roads to two lanes. The circuitry of many rail rights-of-way would limit their desirability as highway routes.

Circuitry, on the other hand, may be an asset for recreational use as a hiking, bicycle, horseback, motorbike or snowmobile trail. For such purposes, those rights-of-way providing scenic routes (as many rail routes along river banks frequently do) would be ideal. Accessibility to population centers is an important consideration in evaluating a right-of-way's recreational potential. The light grades on rail rights-of-way are likely to make them particularly appropriate as bicycle trails. A U.S. Department of Interior report to USRA¹⁶ listed nearly 200 of the potentially excess lines as having some potential for recreational use. The Interior Department report also discussed possible use of this land to enhance wildlife resources as an "edge effect" habitat, an impounding area for the creation of small marshes or an access road to or boundary for a game management area. Such adaptations presumably would be implemented by interested state wildlife and fish departments.

Power transmission lines and pipeline routes also have been mentioned as candidates for alternate use of rights-of-way. However, the former are unlikely to be installed along any but the straightest of rail routes

¹⁵ U.S. Department of the Interior. *Report on Rail Reorganization in the Northeast and Midwest Regions of the United States*, Washington, D.C., August 15, 1974.

¹⁶ Consad Research Corporation, *op. cit.*, p. 73.

because of the importance of minimizing installation costs and transmission losses. Railroad rights-of-way may be more suitable for pipelines, since the line-friction losses and higher construction costs of a somewhat indirect but relatively flat route are in part offset by savings in pumping costs. These uses are expected to be limited since abandoned rail lines do not often correspond to a pipeline system distribution pattern.

Even if rights-of-way not needed for rail service have no present re-use potential, the Association is aware of the possibility that alternatives may arise in the future. For this reason, individual states may wish to place restrictions on any future use of the right-of-way. "Land-banking" could be a mechanism to this end.

If a decision is made to obtain the right-of-way intact, then the first step will be to determine whether the railroad has title to the land or only a right-of-way easement. In the latter case, it still may be possible to retain the right-of-way for other transportation purposes, but this will vary from state to state and will depend upon legal precedent. Obviously, the strongest case for retaining the right-of-way for transportation uses can be made when it is needed in order to provide road access to a present rail user. It may even be possible to justify the maintenance of a railroad right-of-way easement for a bicycle or hiking trail, but the legal argument for doing so may be less persuasive.

Aesthetics

Discontinuance of service on marginal branch lines generally has a positive aesthetic impact on the surrounding community or locality. In populated areas such lines frequently harbor an accumulation of litter, while in less populated areas they may be overrun with weeds. A new use of the land which is identical to that of the abutting uses, whether agricultural, residential or commercial, generally will assure that the land will be cleaner and blend more harmoniously with its surroundings.

A recreational trail, if well-designed and well-maintained, would be a most pleasant re-use aesthetically. Even a new transportation use for the right-of-way is likely to result in better sanitation and weed control than has been provided by the railroads in reorganization. The elimination of grade-crossing protection devices may also be considered an aesthetic improvement.

Diversion of Rail Traffic to Truck

As discussed in Chapter 10, Congress intended for the Association to study the effects of a possible wholesale diversion of traffic from the bankrupt railroads to trucks. Among those effects would be energy and pollution consequences. The Association has not been able to prepare a definitive study, but it did commission Wilbur Smith and Associates to consider these impacts in their study of alternative modes. Wilbur Smith and Associates

made estimates of energy use and air pollution for six states within the Region assuming diversion of all intraregional rail traffic on railroads in reorganization, which accounts for one-fifth of all rail operations in the Region. Those estimates are that energy use would increase about 4 times and air pollution about 40 times over existing rail performance if trucks were the only alternate mode for these commodities. Air pollution findings are exceptionally tentative and difficult to interpret since they obviously depend upon the specific locale in which such air pollution would occur.

Table 6 presents the Wilbur Smith findings on a state-by-state basis, comparing present rail energy consumption with estimated truck energy consumption. Such a comparison involves both ton-mile relationships, load factors and the ratio of gross vehicle ton-miles to net ton-miles for each mode. In developing these figures, Wilbur Smith and Associates estimated rail uses of energy at 600 Btus per ton-mile and truck use at 2,700 Btus.

TABLE 6.—Approximations of energy and environmental costs of diversion, by state

State	Energy use (Btus in trillions)		Air pollution (tons annually)	
	Rail	Truck	Rail	Truck
All six.....	16.31	142.71	19.1	776.9
New York.....	1.74	15.21	2.0	82.8
New Jersey.....	.60	5.23	.7	28.5
Pennsylvania.....	6.71	58.68	7.9	319.4
Michigan.....	1.26	10.99	1.5	59.8
Ohio.....	4.24	37.10	5.0	202.0
Indiana.....	1.77	15.51	20.8	84.4

Source: Wilbur Smith and Associates, *op. cit.*

The extent of new highway construction and bridge augmentation would depend on the degree of saturation of the existing highway system and congruency of the rail and highway networks. Load limits of existing bridges and pavement would require consideration as well.

Conclusions

The Association finds that discontinuance of selected light density rail services constitutes little danger to the ecosystem. The Association believes that it is possible to trim some uneconomic light density rail services from the railroads in reorganization with a small penalty in energy consumption and environmental impact and a large saving of total economic resources. Such a redirection of resources would help foster continuance of

¹⁷ *Op. cit.* Estimates of the diversion from rail to truck of the intraregional shipments of 11 commodities on the railroads in reorganization in 6 states were prepared. These 6 states accounted for four-fifths of the intraregional shipments of these commodities on the railroads in reorganization in the 17-state Region. These intraregional shipments amounted to one-fifth of the total rail tonnage originating in the Region and one-half of the intraregional shipments of these commodities in the Region on all railroads.

essential rail services and thus would make a substantial contribution to environmental quality. The greatest environmental disaster from this standpoint would be for railroads as a whole to be unable to survive financially or to become grossly inefficient in doing what they do best—providing high density, mainline service.

The Title IV subsidy provisions of the Act are in-

tended to enable continuation of those services which are not remunerative to railroads subject to the Act but which are valuable from the broader perspectives of income, employment, energy and environmental impacts. Such subsidies will obviate the Hobson's choice between severe local impacts and burdening the Region-wide system with unsustainable deficits.

12

Manpower Requirements and Policies

This chapter deals with plans to achieve a fair and efficient use of employees in the new system. It describes the employee protection features of the Regional Rail Reorganization Act of 1973 and emphasizes the need to assure that its provisions will be applied equitably to all employees.

USRA's efforts in the manpower area rely on communication with labor. The Association urges that the railroads in the Region to be reorganized as ConRail meet with labor representatives at the earliest possible date. These parties should discuss collective bargaining agreements and single implementing agreements consistent with industry practices. Under the latter, ConRail would enter into comprehensive system-wide agreements with labor, as opposed to individual agreements for each former railroad in the system.

Successful reorganization of the railroads in the Region requires a highly trained, fully utilized and skilled work force. The Association's planning activities seek to make the most efficient use of employees entitled to protection under the Act while holding manpower expenditures to necessary costs. This chapter is not the final plan for manpower utilization and deployment in the new system. Much remains to be done.

The Association cannot develop a detailed plan for manpower utilization and deployment in the new system at this point. The manpower plan for both contract and noncontract employees will be refined when the final operating plan is adopted. The costs for protection of individuals from both groups will be projected at that time. The Association is also in the process of evaluating the practicability and manner in which an employee stock ownership plan could be used by ConRail. This is discussed more fully in Chapter 14.

This chapter deals with:

- Manpower planning goals established to guide decisionmaking affecting employees of the carriers under study,
- Identification of the manpower available to the new system, both at the time of conveyance and for the succeeding decade, and
- Nature of implementing agreements to provide for the orderly transition of employees to ConRail and the negotiation of single collective bargaining agreements.

Railroad Employment and Labor Relations

Railroad employment in the United States has declined sharply in the last quarter-century. In 1947 there were 1.3 million workers in the railway labor work force. This shrank to 520,000 in 1973, a reduction of 60 percent. In 1947 the bankrupt carriers (not including the Erie Lackawanna) that are candidates for ConRail employed 335,000 people. This declined 73 percent to approximately 90,000 people by 1973. This total is nearly one-fifth of the workers employed in the industry.

The downward trend was caused principally by a loss in competitive position of the rail industry in freight services, and a dramatic decline in passenger services. The reduced work force is also a result of increased productivity due to improvements in rail technology, particularly the diesel-electric locomotive and mechanized track maintenance and mergers.

The average age of employees on the 6 bankrupt railroads is high, averaging 47 years. Based on age 65 retirement, it is estimated that 30,619 union employees of the roads will retire by 1985, 36.5 percent of the total. Recent changes in the Railroad Retirement Act now permit early retirement at age 60 with a supplemental annuity available to those who retire between that age and age 65. It is worth noting that all employee protection under Title V ceases at age 65. If all em-

ployees elect to retire at age 60, 45,315, or 54 percent of the current force, would retire over the course of the next 11 years. (See Table 1). Thus, it is clear that 36.5 percent to 54 percent of union employees of the bankrupt railroads will retire during the next 11 years, before the rehabilitation program is completed. Normal attrition due to death and illness will cause total attrition to exceed these figures.

The railroad industry has long been the subject of special federal legislation affecting the conduct of its business and the welfare of its employees. Congress acted to safeguard the welfare of railroad labor as far back as the 1880's. In 1916, the Adamson Act established an 8-hour day for railroad workers covered by labor contracts. During the period of federal operation of the railroads from 1918-20, the U.S. Railroad Administration issued a number of General Orders establishing various work rules, many of which remain in existence today. In 1969, Congress revised the Hours of Service Act to lower the permissible hours on duty of operating employees from 16 to 12 hours.

The Railroad Retirement Act, the industry's counterpart to social security, was enacted prior to the Social Security Act in the 1930's. Railroad workers have had their own statute governing unemployment and sickness benefits for many years. Certain provisions of the Interstate Commerce Act mitigate the potential adverse effect on rail personnel of mergers or abandonments.

The cornerstone of collective bargaining in the rail industry is the Railway Labor Act, originally enacted in 1926 and subsequently amended. The Railway Labor Act provides for freedom in the choice of representation, for the orderly settlement of disputes concerning rates of pay, rules and working conditions and for the handling of grievances arising out of such settlements.

Twenty-six individual unions represent the employees on one or more of the six railroads in reorganization. (See Figure 1). The complexity of labor relations is illustrated by the fact that 140 individual collective

TABLE 1.—Union-represented employees of the railroads in reorganization¹ reaching age 60 and 65, 1975 to 1985

Year	Age 65	Cumulative	Age 60	Cumulative
1975	1,726		14,074	17,296
1976	1,583	3,709	3,214	20,586
1977	2,251	5,960	3,250	23,946
1978	2,469	8,429	3,410	27,116
1979	2,696	11,125	3,170	30,619
1980	2,940	14,074	3,501	34,045
1981	3,214	17,288	3,426	37,286
1982	3,250	20,538	3,241	40,385
1983	3,410	23,948	3,090	43,026
1984	3,170	27,118	2,643	45,314
1985	3,501	30,619	2,286	

30,619 (36.5%)²

45,314 (54%)³

¹ Excluding the Erie Lackawanna.

² Includes employees born 1910-1915.

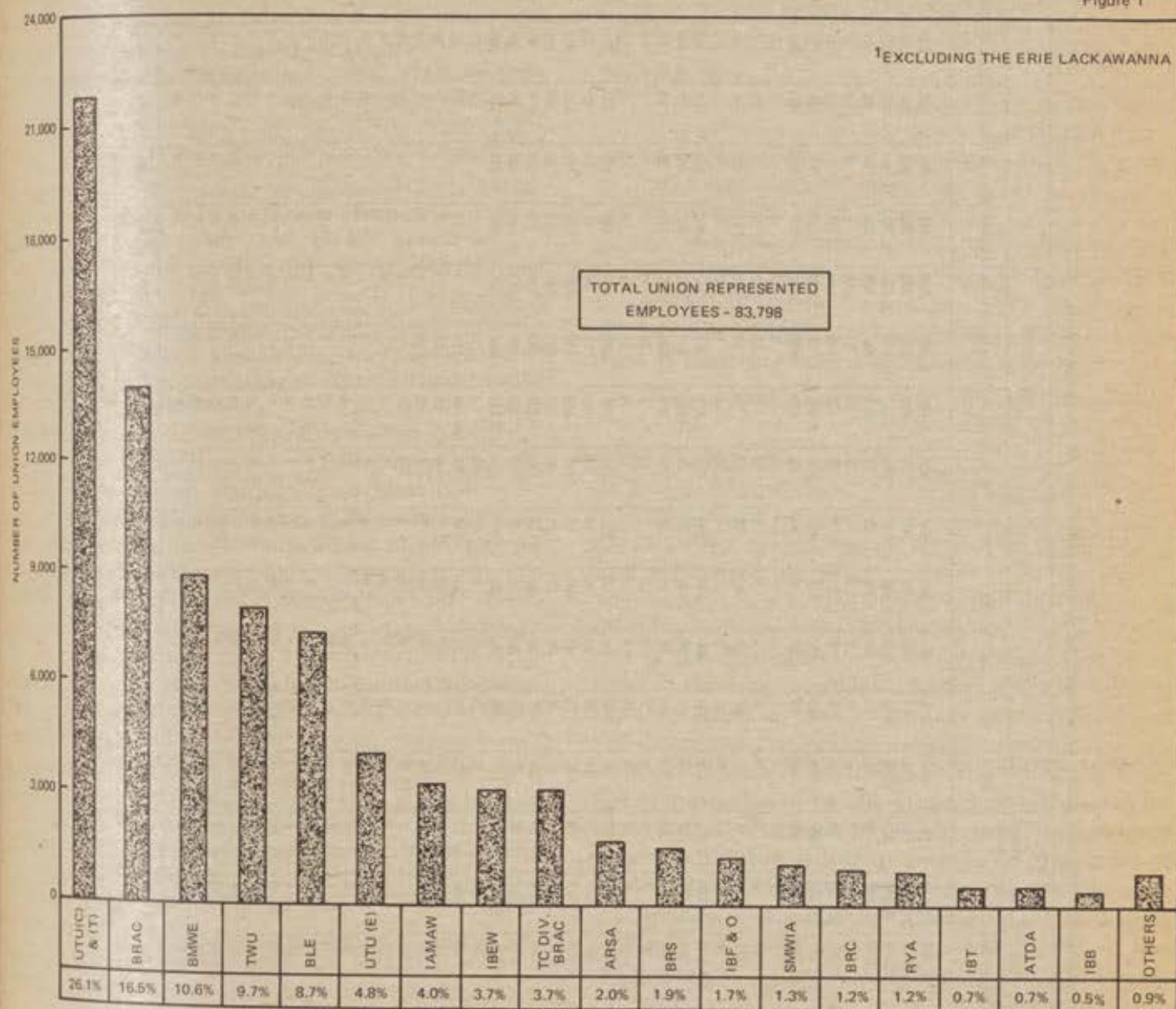
³ Percent of total union represented force—83,798.

Source: Employee Data Sheets, 1/2/74, U.S. Railway Association.

FIGURE 1

EMPLOYEES OF RAILROADS IN REORGANIZATION¹ BY UNION REPRESENTATION

Figure 1



SOURCE: EMPLOYEE DATA SHEETS, 1/2/74
U. S. RAILWAY ASSOCIATION

NOTE: SEE KEY TO ABBREVIATIONS FOLLOWING

KEY TO ABBREVIATIONS—FIGURE 1 AND TABLE 2

BLE	Brotherhood of Locomotive Engineers
UTU (E)	United Transportation Union (Enginemen)
UTU (C) (T)	United Transportation Union (Conductors) (Trainmen)
RYA	Railroad Yardmasters of America
UTU (YDM)	United Transportation Union (Yard Masters)
ATDA	American Train Dispatchers Association
BRAC	Brotherhood of Railway, Airline and Steamship Clerks Freight Handlers, Express and Station Employees
TC DIV	Transportation-Communication Div. of BRAC
ASD	Allied Services Division of BRAC
IBT	International Brotherhood of Teamsters
ASM	Association of Station Masters and Assistant Station Masters
BMWE	Brotherhood of Maintenance of Way Employees
BRS	Brotherhood of Railroad Signalmen
ARSA	American Railway Supervisors Association
SF 72	System Federation 72, Railway Employees Department
SF 100	System Federation 100, Railway Employees Department
IAMAW	International Association of Machinists and Aerospace Workers
IBB	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers
IBEW	International Brotherhood of Electrical Workers
IBFO	International Brotherhood of Firemen and Oilers
SMWIA	Sheet Metal Workers' International Association
BRC	Brotherhood of Railway Carmen of the United States and Canada
TWU	Transport Workers Union of America
BSCP	Brotherhood of Sleeping Car Porters
HRE	Hotel and Restaurant Employees and Bartenders International Union
IGMMP	International Organization of Masters, Mates and Pilots
SIU	Seafarers' International Union of North America
ILA	International Longshoremen's Association
NMU	National Maritime Union of America
NMEBA	National Marine Engineers' Beneficial Association

bargaining agreements exist between these 26 unions and the roads. These agreements cover employees holding seniority rights on more than 3,000 basic rosters. This profusion of collective bargaining agreements and representation poses a difficult problem for those who must negotiate the implementing agreements required under the Regional Rail Reorganization Act and the new collective bargaining agreements.

Manpower Planning Goals

The USRA planning process will result in the conveyance of properties from the bankrupt railroads to ConRail or profitable railroads. The manpower planning portion of that process is a complex undertaking involving the transfer of employees as the properties are conveyed. The livelihood and material security of many people are affected by decisions that USRA will

make and ConRail or other railroads will implement. It is important, therefore, to state the specific goals which are being used in making decisions about manpower in the new system. These goals are:

- To achieve and maintain an optimal system manning level
- To minimize expenditure for employee protection costs (given a particular level of employment)
- To minimize the effect of unemployment on terminated and displaced employees
- To consolidate labor agreements
- To establish communication with and maintain understanding of organized labor about manpower planning process

The purpose of these particular goals and the importance of achieving each are discussed below.

- *Achieve and maintain optimal system manning level*

For ConRail to achieve financial success, it must use all its resources, including labor, as efficiently as possible. Thus, the first goal of manpower planning activities in USRA is to define an optimal system manning level for the new railroad.

However, there are some constraints on ConRail in attaining such an optimal manning level. Most important is the fact that the new carrier is required by statute to become a party to existing collective bargaining agreements until new contracts can be negotiated. For this reason, the present agreements are used in calculating manpower requirements for the new system. The consolidation of facilities should nevertheless allow some economies of scale to be achieved. This increased labor productivity will help achieve the Act's goal of creating a financially self-sustaining rail company.

- *Minimize expenditure for employee protection costs*

After determination of the optimal level of manpower resources needed in the consolidated rail system, the Association will program and ConRail will implement the manpower plan, utilizing the employee protection options provided by the Act to reduce future protection costs. Under the following provisions of Title V of the Act, employee protection funds will be used for:

Monthly displacement allowances for any protected employee deprived of employment or adversely affected with respect to earnings as a result of implementing the Final System Plan. Such allowances continue to age 65 for employees with more than 5 years of railroad service as of the effective date of the Act. (Sections 505(b), (c))

Separation allowances, if offered, in a lump sum at the option of a protected employee who elects not to continue employment with ConRail. Such allowances are based on a formula involving age and

length of service and are subject to a \$20,000 maximum. (Section 505(e))

Termination allowances of up to 180 days' pay are provided for protected employees with less than 3 years of service as of the effective date of the Act. These allowances are payable should ConRail choose to terminate such employees. (Section 505(f))

Moving expense benefits for employees required to change residence due to a transfer occasioned by the Final System Plan. (Section 505(g))

Because the cost of compensating employees under these provisions will vary substantially according to the age and service of the railroad employee involved, it is important to devise a plan that will hold protection costs to a minimum and at the same time be equitable to the employees involved.

- *Minimize the effect of unemployment on terminated and displaced employees*

In keeping with responsible corporate practice as well as congressional intent, USRA intends to investigate the possibility of developing programs to assist employees who are displaced in the process of restructuring and reorganizing the bankrupt carriers. Such programs could provide, among other things, for the relocation and retraining of individuals to help place them in either rail or nonrail jobs.

USRA does not have the resources to undertake this kind of retraining activity. Instead, the Association will initiate discussions with interested parties, including rail labor organizations, the Department of Labor, other federal government agencies and appropriate state and local authorities, to foster creation of programs that will achieve this goal.

- *Consolidate labor agreements*

Labor agreements on the railroads in reorganization are more complicated than need be, largely because of the multiplicity of labor agreements in force. For example, there are several collective bargaining agreements for identical classes and crafts of employees on the Penn Central alone. USRA urges both ConRail and the various unions to work expeditiously to develop a single agreement for each class and craft of employees as soon as possible.

This can be accomplished by consolidating existing agreements and reconciling conflicting provisions on similar issues. If this is done, it should bring needed clarity to the overly complex railroad labor relations environment. USRA personnel are analyzing the various existing labor agreements to assure that the manpower plan conforms to current labor agreement requirements. This analysis will be available for use by the negotiators.

- *Establish communication and maintain understanding with organized labor about the manpower planning process*

It is important for ConRail to develop and maintain confidence among its employees that Title V of the Act will be fairly and impartially implemented. Hence, it is necessary and desirable to keep labor informed about USRA manpower planning activities and to receive labor inputs to the process of reorganization.

This information exchange should create an atmosphere of mutual understanding between the Association and labor that will be conducive to a successful ConRail startup in 1976.

Manpower Plan

Until establishment of the Final System Plan, including acquisitions by viable carriers, it is not possible to develop a detailed manpower plan for placement of labor in the right place at the right time. Once an operating plan is established, it will be possible to create a more definitive manpower plan for both contract and noncontract employees and to estimate the employee protection costs involved in such a plan.

The first step in the development of the manpower plan for the new railroad system has been to collect a data bank of basic information covering the employees of the six railroads in reorganization. This is a large and complex task involving a considerable amount of manual and computer effort. Basic personnel information such as age, class and craft, geographic location where possible, length of service, seniority district and certain payroll data will be gathered for each employee.

The data bank also will contain information on the composition of the work force as a means of assuring that equal employment opportunity rights are respected. The program will serve as a basis for determining present manpower availability and, given historical attrition rates, will make possible a projection of manpower availability for the future.

The second step will be to generate the manpower requirements of the new ConRail system under the proposed operating plan. These manpower levels will be consistent with existing collective bargaining agreements. When the two tasks are completed, USRA will be able to project, for given areas, either a surplus or a shortage of employees of a particular craft and class.

ConRail will need more employees than currently are employed by the bankrupt carriers in certain classifications, particularly those affected by the extensive rehabilitation program. On the other hand, over a period of time fewer employees will be needed in certain other skills.

As provided in the Regional Rail Reorganizational Act, imbalances in labor forces will be corrected, to the extent possible, by transferring employees within the railroad system. Such transfers will help minimize job loss in the new company.

Seniority.—The historic practice on all railroads has been to defer to seniority within the class and craft of

represented employees. USRA's manpower plan will respect this practice. Consequently, in the course of compiling employee data from all of the bankrupt railroads, it is necessary to identify their seniority position on the several thousand rosters and the location or district covered by each roster.

This task requires the coding of all seniority rosters of the individual railroads and is necessary to preserve the seniority concept when accounting for addition or loss of work within crafts and classes of employees. Changes in existing operations or facilities that may be proposed by USRA in the Final System Plan will in all likelihood necessitate changes in existing seniority districts.

The Association is developing a method whereby the analysis of current seniority rosters on all bankrupt railroads may be assisted by computer in one or more of the following ways:

- Consolidation of two or more seniority rosters
- Partial consolidation of two or more seniority rosters
- Expansion of an established seniority roster(s) on one railroad to include employees from one or more seniority rosters of another railroad.

In addition to compiling the personnel information of employees represented by labor organizations, similar information is being developed of all noncontract employees, identifying them by departments, title and work location. It has been necessary to acquire such information as employee identification number, social security number, birth date, title, department, employment date and the status of the employee on the effective date of the Act. This information has been prepared for computer assisted analysis and a uniform code has been established to identify departmental responsibility by railroad and to classify all management employees, regardless of their present railroad affiliation. A computer assisted analysis of payroll data and the manpower inventory data will complete the employee analysis.

Calculation of labor protection payments.—In section 206(a) the Act directs that one goal of the Final System Plan would include not only the development of a financially self-sustaining system, but also be the minimization of job losses and associated increases in unemployment and community benefit costs in areas in the region presently served by rail service. These losses, insofar as most employees are concerned, are offset by certain protective features of the Act. Under Title V, USRA must have available computerized data on average monthly compensation. To accomplish this, it is contemplated that the bankrupt railroads will retain and make available to USRA detailed payroll tapes for the 12 months immediately preceding conveyance of the properties. When requested, the data thus developed will be used to determine, for each employee, the aver-

age monthly compensation and average monthly time paid for as a basis for computation of his monthly displacement allowance. This will be combined with the seniority roster data.

Employees with less than 3 years' service as of January 2, 1974, who are subject to termination under Section 505(f) of the Act, will be identified, as well as employees who may be offered severance payments because of age. Using this data, a forecast will be made of the year that all present employees are eligible for retirement, and this information can be made available by job classification as well as by union. (See Table 2.)

This information will be of significant value to those responsible for negotiating implementing agreements and negotiating the new collective bargaining agreements required by the Act.

Implementing Agreements

One of the most important steps in activating ConRail is the transfer of employees from the bankrupt carriers to the new railroad. The process will be accomplished through implementing agreements to be negotiated by representatives of ConRail and the representatives of the various classes and crafts of employees of the railroads in reorganization.

Section 504(b) of the Act stipulates that negotiations for a single implementing agreement for each class and craft of employee will begin on or before the date of adoption of the Final System Plan by the Board of Directors of USRA. The Act requires that five specific items be included in the implementing agreement:

1. *The identification of the specific employees of the railroad in reorganization to whom the Corporation offers employment.*

The Act requires under Section 502(b) that each employee of a railroad in reorganization who has not accepted employment with USRA or with an acquiring railroad be offered employment with ConRail. As defined in Section 501(2), an employee of a railroad in reorganization is a person who is employed by a railroad in reorganization as of the date of conveyance of the rail property. Exceptions are made for certain officers of the carriers. Thus, virtually all of the employees of the railroads in reorganization will be offered employment with ConRail and will then be subject to the employee protection provision of Title V of the Act. Because of continuing employment changes, the identification of employees who qualify for the offer of employment is an ongoing process.

2. *The procedure by which those employees of the railroad in reorganization may elect to accept employment with the Corporation.*

This requires that a procedure be defined for the acceptance of an offer of employment. Because virtually

all of the contract employees on the railroads in reorganization will receive the employment offer, it is anticipated that they will be considered as having accepted the offer unless they specifically decline.

3. The procedure for acceptance of such employees into the Corporation's employment and their assignment to positions on the Corporation's system.

This provides for the assignment of employees to positions to assure smooth continuity of operation subsequent to conveyance. It is anticipated that each employee who joins ConRail will remain in the same position on the day of conveyance that he held immediately prior to conveyance.

Exceptions will be those positions that are not in existence after conveyance because of service discontinuance, properties not included in the Plan, properties conveyed to an acquiring carrier where the employees may not have followed the work or immediate consolidation of facilities of former carriers. Employees in these categories will be subject to the exercise of seniority under seniority rules applicable at the time of conveyance.

As the consolidations of facilities occur over a period of time, the number and location of positions on the railroad will change. The reassignment of employees as these changes take place will be accomplished in the following ways:

- By the employee exercising seniority (seniority on the ConRail system will be provided for in the implementing agreement)
- By the transfer of employees under the provisions of Section 505(d) of the Act
- By subsequent agreements, permitted by Section 505(d) (4) (C) of the Act, providing for the transfer of employees.

This procedure will assure a smooth transition, with continuity of operation, while at the same time providing for subsequent changes in operation and facilities as the operating plan is placed into effect.

4. The procedure for determining the seniority of such employees in their respective crafts or classes on the Corporation's system which shall, to the extent possible, preserve their prior seniority rights.

This is designed to provide for the orderly transition of employees and to protect acquired rights to work positions of their choice in their craft or class on the new system. In many cases, employees now hold seniority in very narrowly defined areas, such as in one office of a railroad. This restricts management's flexibility in the use of employees and the employees' ability to take advantage of new or better jobs.

To the extent possible, the narrowly defined areas will be consolidated and new seniority boundaries developed. In some instances, new boundaries may cover

the entire ConRail system. This will provide for greater flexibility in the use of employees and at the same time provide employees with more job opportunities.

Seniority rosters covering the craft and class in the newly defined boundaries will be consolidated and, where possible, dovetailed. This entails ranking all involved employees solely by their earliest retained seniority date regardless of their prior employer or prior seniority district. In this way prior seniority will be preserved and, at the same time, employees will be permitted a wider choice of assignment. The approach to be taken in determining revised seniority districts and the method of establishing the employees' seniority therein may differ through negotiation for each craft and class of employee.

5. The procedure for determining equitable adjustment in rates of comparable positions.

Rates of pay for operating crafts generally are standardized, but the need for equitable adjustments in rates of comparable positions may arise where the work of nonoperating employees is consolidated. The implementing agreement should provide for uniformity to the extent practicable so that employees doing essentially the same work would receive the same pay.

Collective Bargaining Agreements

Section 504(d) of the Act requires that, no later than 60 days after the effective date of any conveyance, the representatives of the various classes or crafts and representatives of ConRail commence negotiations of new collective bargaining agreements for each class and craft of employee. Adoption of a single collective bargaining agreement for each class and craft will:

- Provide equal treatment of all employees in the particular class and craft on the system
- Assure greater understanding on the part of transferred workers, both supervisory and craft employees, of their rights and obligations
- Result in fewer contract violations because of greater familiarity with agreement provisions by supervisory and craft employees.

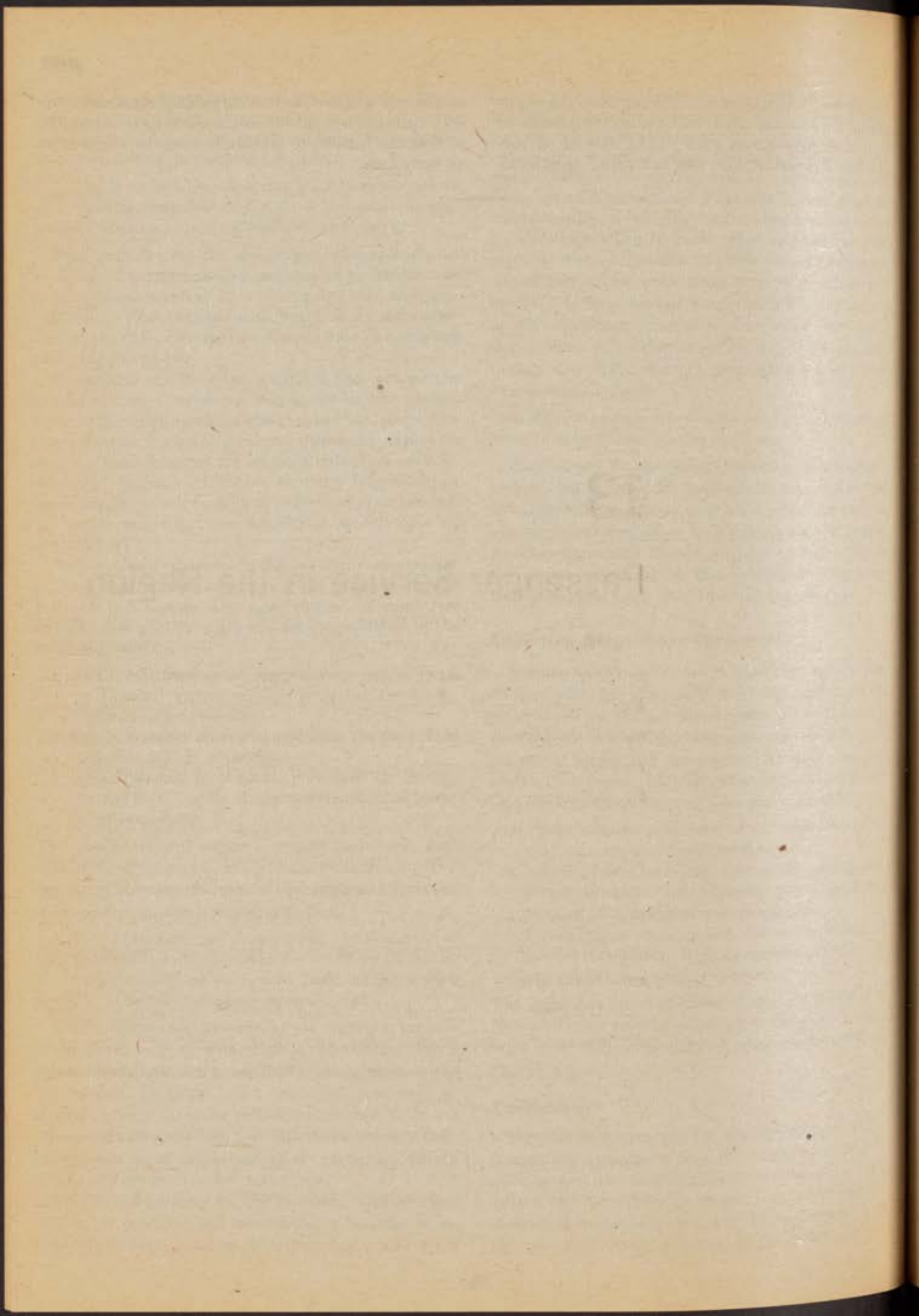
The aggregate effect of these advantages should be to foster a higher level of efficiency in ConRail, by creating a more stable and clarified labor relations environment.

Conclusions

ConRail is responsible for negotiating both the implementing agreements and the single collective bargaining agreements described in Section 504 (b) and (d) of the Act. There is no statutory bar to an early start of these negotiations. The Association concludes that ConRail should appoint, at the earliest possible

date, representatives empowered to negotiate the implementing agreements. This will assure completion of the required agreements prior to the date of conveyance. The Association also concludes that negotiation

on the new single collective bargaining agreements for each craft or class should commence as soon as possible so that the benefits to be obtained can be achieved at an early date.



13

Passenger Service in the Region

Most of the Region's intercity rail passenger transportation is provided by Amtrak over lines of the railroads in reorganization. Cities in the Northeast Corridor receive frequent, high-speed service, while service outside the Corridor remains slower and less frequent. Suburban services also are provided extensively by carriers in reorganization, usually with the sponsorship of state and local governments.

Very high speed service should be limited to the Northeast Corridor in the near future, although 16 additional corridors were identified as candidates for new or improved service in the Region. Service on these 16 corridors should be limited to speeds compatible with upgraded freight services, since the proposed passenger network by and large would use the same rights-of-way used by freight trains.

As a general policy, facilities control and management of right-of-way should rest with the predominant user. Both freight and passenger services should pay proportionate shares of all costs directly attributable to their respective operations.

Potential conflicts between the priorities of intercity and suburban passenger and freight operators in the Northeast Corridor represent a special situation. To minimize freight-passenger conflict, ConRail

through-freight service in the Corridor should be moved, insofar as possible, to a separate right-of-way. Management and financial responsibility for the Corridor should not be vested in ConRail.

The revival of railroad passenger service is receiving substantial popular and political support in the United States. One decade ago, the outlook for improved rail passenger service was exceedingly grim. Today, the prospects for more and better service are brighter than they have been at any time since the immediate postwar period. This improved outlook may be traced directly to two causes: growing concern for the social costs associated with expanded use of the private automobile, and establishment of a single institution, Amtrak, to provide substantially all of the intercity rail passenger service in the Nation.

The Act in Section 202(b)(3) directs the Association to "prepare a study of rail passenger services in the region, in terms of scope and quality." Among the mandatory goals of the Final System Plan listed in Section 206 of the Act are:

- Establishment of improved high-speed rail passenger service in the Northeast Corridor (Boston-Washington, D.C.), consonant with the recommendations of the Secretary of Transportation in his report of September 1971.
- Efficient movement of both passengers and freight in the Region in a manner consistent with safe operations.
- Efficient and safe commuter rail service as well as intercity service.
- Coordination with the National Railroad Passenger Corporation and similar entities.
- Identification of all short-to-medium distance corridors in densely populated areas in which major upgrading of rail lines for high-speed passenger operation would return substantial public benefits.

USRA's role is to analyze future prospects for rail passenger services and to make certain that rail facilities required for a proper development of rail passenger service are taken into account. The responsibilities for operation of passenger service reside with the National Railroad Passenger Corporation (Amtrak). As a rule, state and local agencies have the responsibility for development of rail commuter services.

Since the inception of Amtrak, Congress and the Department of Transportation have determined the level and extent of rail passenger service to be provided in this country. Amtrak assumed responsibility for virtually all rail passenger services on May 1, 1971. The legislation which created the National Railroad Passenger Corporation had three apparent goals: (1) to create a nationwide system which could achieve im-

proved service and cost savings through economies of equipment utilization, reservations and ticketing, maintenance, advertising and management; (2) to preserve essential rail passenger services in the face of accelerated discontinuances; and (3) to relieve the freight-oriented railroad industry of the managerial and cost burdens of operating passenger trains. It is fair to conclude that the second and third of these goals have been substantially accomplished; progress toward the first goal has been mixed—good in some areas and fair or poor in others.

Amtrak was conceived as a for-profit corporation, a goal that has not been met. Amtrak's annual deficit now runs about \$300 million, and a deep controversy exists over whether operating subsidies to rail passenger service ought to be continued, expanded or eliminated. On the one side are those who decry the large federal subsidy per passenger mile for Amtrak service in comparison with air, bus or auto. On the other side are those who believe in the essentiality of a core rail passenger network because of rail's advantages in fuel consumption, pollution effects and ability to expand capacity rapidly in the future.

Since the establishment of Amtrak, Congress generally has placed less emphasis upon immediate financial success and more emphasis on the reestablishment of an integrated network of rail services. All of Amtrak's original routes have been preserved. Amtrak was required to initiate additional experimental routes from time to time, and states may ask for rail passenger service if they are willing to provide partial funding. The Association has prepared its preliminary recommendations for rail passenger service in the context of continued public interest and financial support for rail passenger service.

Public involvement in suburban services preceded Congressional action on intercity services. Faced with abandonment and general deterioration of services, the major cities in the Region moved at either a local or state level to stop this process through infusion of public monies for equipment and/or operating subsidies. Ultimately a federal responsibility was created with passage of the Urban Mass Transportation Act of 1964. That legislation, as amended, provides significant federal funding for capital improvement programs, acquisitions of assets and now operating subsidies. Even with this major federal involvement, however, the primary responsibility has remained with state and local government.

Role of Rail Passenger Service

Most intercity travelers have a choice of private auto, bus, air and, in a small but growing number of cases, rail service. In certain markets passenger trains offer the opportunity to carry travelers at lower total resource costs than any other mode. Energy efficiencies for various modes of transportation are shown in Table 1.

TABLE 1.—Energy efficiency for various modes of passenger transportation

Vehicle	Seat miles per gallon
Rail: U.S. current, includes allowances for engine idling between runs:	
3,000 hp locomotive, turbocharged, 0.5 mpg, 9 coaches per locomotive, 60 to 80 seats each (Amtrak data). Relatively new Amtrak locomotives	270-360
Rail turbine train, 0.33 mpg, 320 seats (296 plus 24 snack bar) (Amtrak data) (Amtrak's French RTG). Delivery test at 80 mph average	110
Autotrain, 0.37 mpg, 3,600 hp locomotive, 18 cars per locomotive, 30 automobile miles per gallon, at 5 seats per auto	150
Bus: U.S. current.	
Intercity, 6.0 mpg (Greyhound), 47 seats (TSC industry average). Over-the-road test of Greyhound and Trailways buses by TSC indicated 8.8 mpg at 50 mph, 8.1 mpg at 60 mph	282
Automobile: FHWA data.	
Intercity subcompact, 4 seats, 30 mpg	120
Intercity compact, 5 seats, 22.5 mpg	112.5
Intercity standard, 6 seats, 18.0 mpg	108
Intercity luxury, 7 seats, 12.0 mpg	72
Air: NASA data.	
Twin engine turbofan, 68 to 106 seats, 500 mile stage, 0.44 to 0.54 mpg	37-47
3 and 4 engine turbofan, 131 to 200 seats, 500 mile stage, 0.21 to 0.29 mpg	35-41
3 and 4 engine turbofan, widebody, 256 to 385 seats. Wide-body jets use new high bypass turbofan engines with low specific fuel consumption. 500 mile stage, 0.11 to 0.19 mpg	44-51

Source: Secretary DOT, Report to the Congress on the Rail Passenger Service Act, July 1979, pp. 41-42.

Trains cannot capitalize on their potential resource efficiency without ridership. If ridership is light, train benefits will be minimal. If intercity rail passenger service does not attract substantially more riders in the future, Amtrak's deficits will continue.

To win a greater share of the market, rail service must be able to compete with other modes with respect to speed, comfort and reliability. Although it is clear that rail services consume fewer resources for heavy volume travel than rival modes, that is not the reason any single customer chooses rail over travel by automobile, air or bus. The relative environmental efficiency of the railroad has little to do with the choice of mode by the potential traveler.

Rail service today is limited and able to attract only a small share of the travel market. There are several reasons for this level of service; first, both equipment and roadbeds are old and expensive to maintain. Second, with low ridership, equipment utilization is poor.

Third, the railroads which operate train services have had little incentive to economize because of "cost-plus" contracts which Amtrak is now negotiating to provide performance standards, together with appropriate penalties and incentives.

In the future, rail cost patterns should be favorable for the rail mode in point-to-point markets ("corridors") which have a substantial traffic volume. If passenger trains can become competitive with the private automobile in cost and service, they will attract more riders and unit costs will drop. Should future national policy require a significant shift away from highway or air travel, quality rail passenger service will provide an acceptable travel alternative. Furthermore, with properly controlled right-of-way and flexible train size, rail capacity can be expanded without the level of expense, disruption and public resistance characteristic of urban highway and airport construction.

There are many ways in which train travel can become more competitive with other modes. Current technology offers near-term potential for improved speed and comfort compared to the private automobile. In contrast, automobile travel is expected to encounter higher costs and deteriorating service patterns as congestion occurs in certain corridors. Although train speeds will never approach those of aircraft, high speed rail service can be directly competitive with the airplane for distances of up to approximately 250 miles. For example, if rail travel time on Washington-New York trips can be cut from 3 to 2½ hours, the total realized door-to-door travel time begins to compare favorably with the airplane and the cost to the passenger would be substantially less, particularly when total cost of travel, including taxi fares, is included.

Rail passenger service outside the high speed corridor area also holds the potential for significant growth if performance with respect to speed, ride quality and safety is improved. As track conditions are improved in the Region, passenger service will benefit from increased operating speeds and reliability.

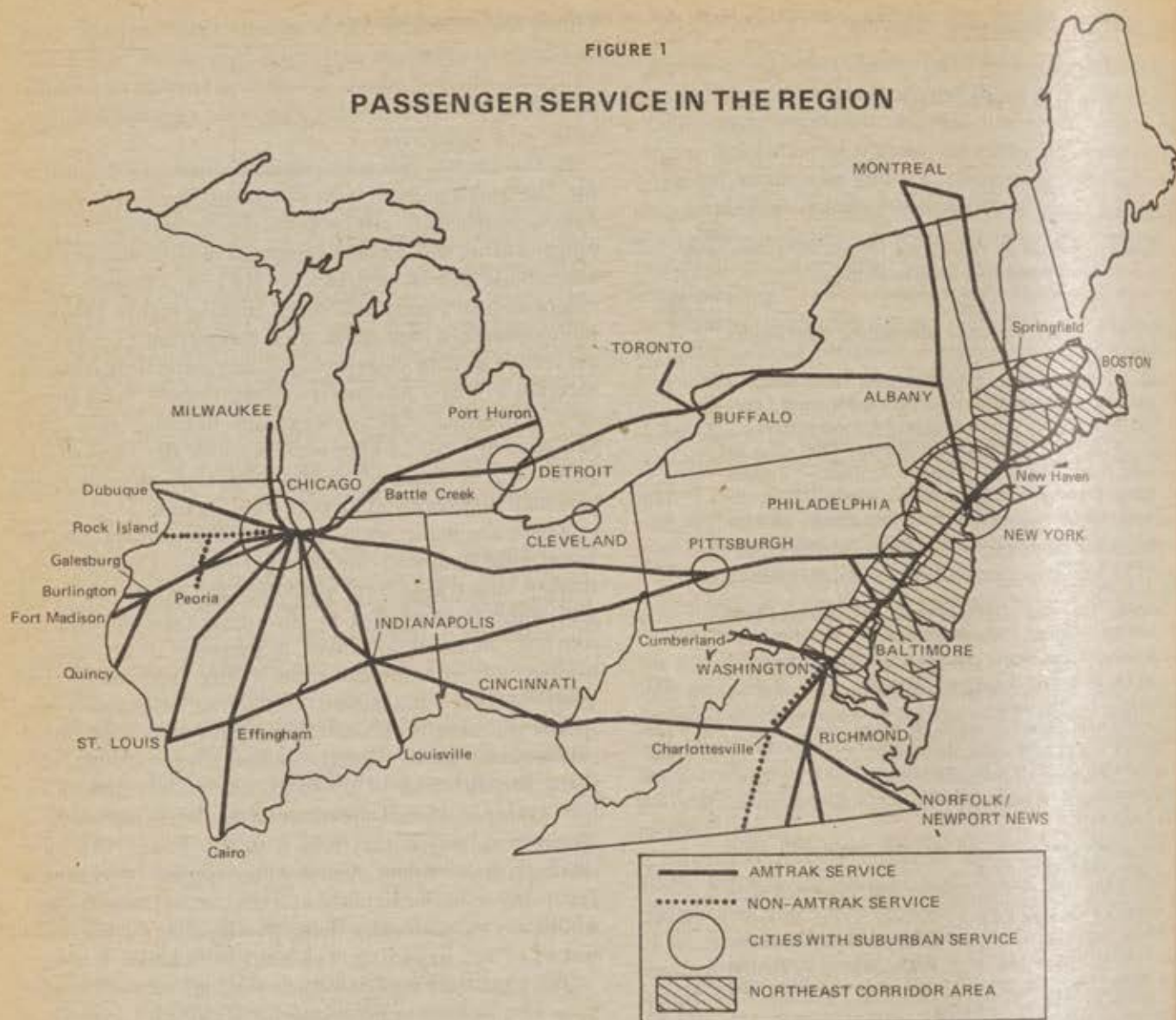
Service in the Region

Rail passenger service in the 17-state Region can best be described by dividing the Region into two areas: Northeast Corridor and non-Northeast Corridor (Figure 1). The Northeast Corridor, extending from Boston through New York City to Washington, D.C., covers less than 2 percent of the total land area of the U.S., but contains about 20 percent of the population. Because of this heavy population concentration, the character of rail operations in the Corridor differs significantly from operations in the remainder of the Region and the rest of the country.

The primary difference lies in the high frequency of passenger trains, both intercity and suburban, which on principal arteries share track with numerous freight

FIGURE 1

PASSENGER SERVICE IN THE REGION



trains. The mix of rail operations in the Corridor—frequent intercity and suburban passenger services, combined with frequent freight movements—is displayed in Table 2. Intercity passenger operations are handled by Amtrak, and suburban operations are carried out by railroads under contract to various commuter authorities. Additionally, most Northeast Corridor passenger services are provided by carriers in reorganization.¹

Amtrak's Corridor service is primarily short-haul. Table 3 shows average daily ridership between various

¹ Passenger services are provided by the following carriers in reorganization: Penn Central, Reading and Central of New Jersey. Passenger services are also provided by the Erie Lackawanna, which at the time of this writing has requested it be included in the restructured system, but authorizing legislation is pending.

points in the corridor during 1973. It is noteworthy that the highest average daily ridership between any two cities was on trains operating between New York and Philadelphia, a distance of only 90 miles.

Operations consist of high-speed, premium-priced express service as well as conventional service. Metroliners run between Washington and New York at 1-hour intervals during the heavily traveled daylight hours. Although capable of top speeds of over 150 m.p.h., right-of-way problems have limited the Metroliners to a current maximum of 105 m.p.h. Even so, these trains offer the fastest ground transportation in the Corridor, making the trip from midtown New York to midtown Washington in 3 hours.

In addition to its premium Metroliner service,

TABLE 2.—Daily traffic density on Northeast Corridor segments

Line segment	Number of miles	Number of main tracks	Number of trains				
			Inter-city		Suburban	Freight	Total
			Metro ¹	Conventional			
North of New York:							
Boston to Providence.....	44	2-3	4	18	28	2-6	56
Providence to New Haven.....	113	2	4	18	2	4	28
New Haven to Stamford.....	39	4	6	24	60	6	96
Stamford to New Rochelle.....	16	4	6	24	162	4	198
New Rochelle to New York.....	20	2-4	6	24	420	4	450
South of New York:							
New York to Newark.....	10	2	30	58	120		208
Newark to Rahway.....	11	4-6	30	58	196	34	318
Rahway to Trenton.....	37	4	30	58	76	36	200
Trenton to Philadelphia.....	33	4	30	11	41	18	100
Philadelphia to Wilmington.....	27	4	30	21	48	18	117
Wilmington to Perryville.....	32	3-2	30	21		20	71
Perryville to Baltimore.....	36	4-2	30	24		28	82
Baltimore to Washington.....	40	3	30	30	4	22	86
West of Philadelphia:							
Philadelphia to Bryn Mawr.....	7	4		30	111	16	157
Bryn Mawr to Paoli.....	10	4		30	72	16	118
Paoli to Downingtown.....	12	4		30	2	40	72
Downingtown to Harrisburg.....	71	4		30		40-16	46

¹ Includes turbotrains north of New York.² Freight and suburban trains on separate tracks through Philadelphia.

Source: Current freight, Amtrak and suburban timetables.

TABLE 3.—Average daily ridership in the Northeast Corridor

End-points:	Average daily ridership
Philadelphia to New York.....	9,675
Boston to Washington.....	7,030
New York to Washington.....	6,700
Philadelphia to Boston.....	985
Springfield to Washington.....	755
New York to Boston.....	560
New Haven to Washington.....	530
New Haven to Hartford.....	265
New Haven to Springfield.....	210
Total, Northeast Corridor.....	26,710

(Represents total number of passengers served by trains operating between noted end-points.)
Data source: Secretary, DOT, Rail Service in the Midwest and Northeast Region, vol. 1, February 1974, p. 84.

Amtrak provides turbotrain and conventional train service in the Corridor at somewhat lower fares. Between New York and Boston, limited-stop service is provided by turbotrains. Limitations caused by poor roadbeds and equipment failures have reduced the maximum speed of these trains well below their design speed, making travel time from New York to Boston four hours. Conventional trains, which provide the bulk of service, operate at top speeds of 80 m.p.h. on four and one-half to five hour schedules between New York and Boston.

The major metropolitan areas in the Northeast Corridor are provided with suburban services by railroads under contract to various commuter authorities. New York and northern New Jersey, Philadelphia and Boston are the centers of suburban rail activity in the Corridor, though some additional suburban traffic is gen-

erated at other locations. Table 4 summarizes operations in each city.

Commuter trains are operated in large numbers and in strict adherence to schedules. At some points, train headways are as short as 90 seconds. Suburban opera-

TABLE 4.—Daily Northeast Corridor suburban operations

City	Contracting authority	Operating railroad	Number of routes	Number of daily trains ¹	1973 weekday passenger trips ²
Boston.....	MBTA.....	PC.....	5	74	14,600
	MBTA.....	BM.....	7	229	20,000
New York.....	N.J. DOT.....	CNJ.....	3	65	15,600
	N.J. DOT.....	RDG.....	1	4	400
	N.J. DOT.....	NYLB (CNJ, PC).....	1	54	23,000
	N.J. DOT/MTA.....	EL.....	7	240	72,000
Philadelphia.....	N.J. DOT.....	PC.....	3	124	40,600
	MTA.....	PC.....	2	257	76,000
	MTA/CTA.....	PC.....	4	160	59,000
	MTA.....	LI.....	8	363	245,000
	SEPTA.....	RDG.....	8	353	46,000
	SEPTA.....	PC.....	6	394	67,000
Washington, D.C.....	N.J. DOT.....	PRSL.....	2	8	500
		PC.....	1	4	900
		BO.....	2	16	2,700

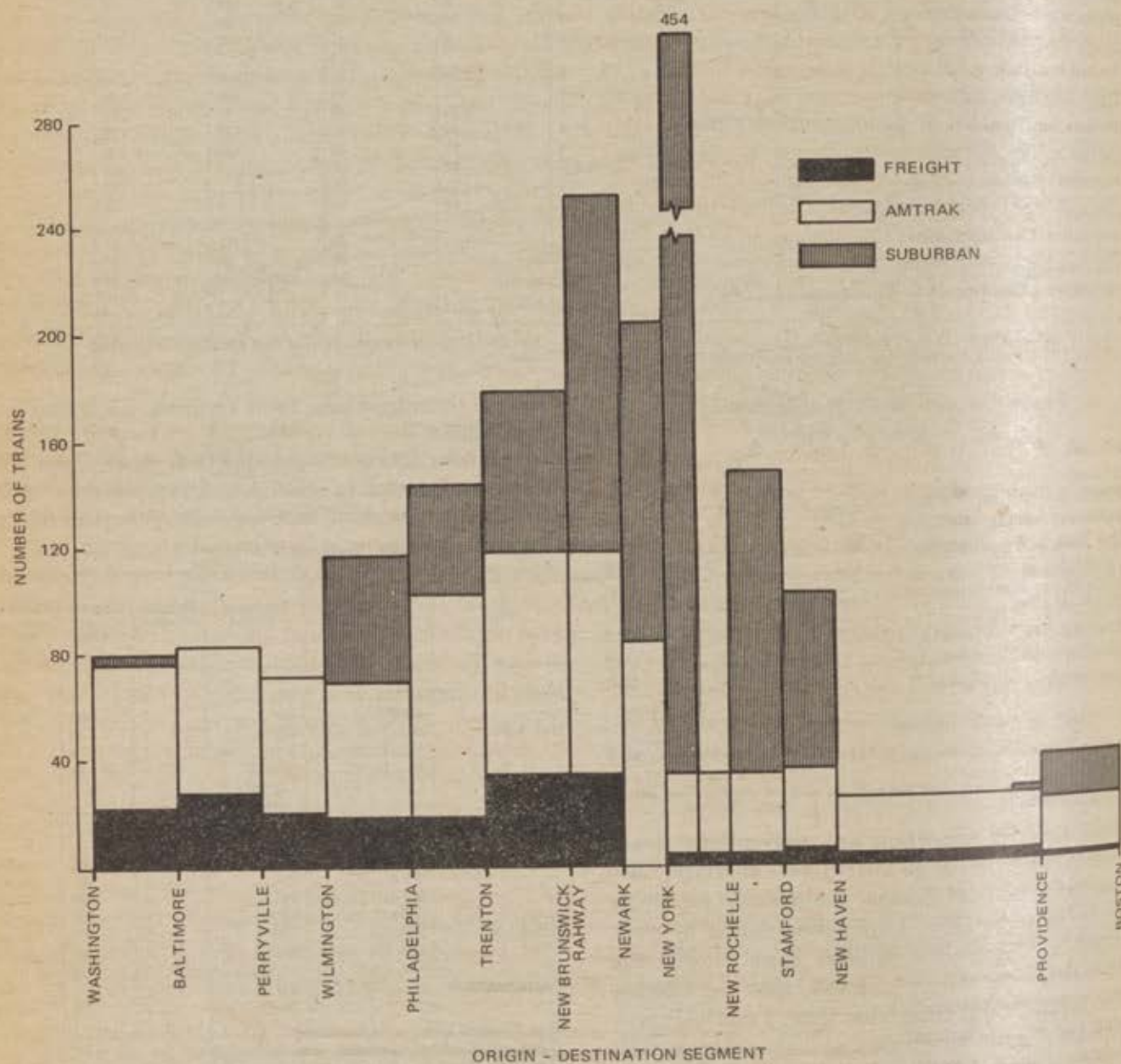
¹ Sum of 2 directions—deadhead moves not included.² Secretary, DOT Rail Service in the Midwest and Northeast Region, vol. 1, p. 84.

Source: Current suburban timetables.

tions in the Corridor are expected to increase in the future. Operating larger numbers of commuter trains, Amtrak trains and freight trains over the same facilities will cause some congestion and scheduling conflicts unless sufficient track capacity is provided. Figure 2 provides a summary of rail operations in the Northeast Corridor: daily Amtrak, suburban and freight densities are displayed for segments of the Corridor.

FIGURE 2

AVERAGE DAILY TRAIN DENSITY ON NORTHEAST CORRIDOR SEGMENTS



SOURCE: CURRENT FREIGHT, AMTRAK AND SUBURBAN TIMETABLES.

THE AUTO-TRAIN

Another intercity service that operates into the Region and deserves some note is provided by Auto-Train, a private corporation which began operations in December, 1971, seven months after the inception of Amtrak. This apparently profitable service without government aid carries passengers and their automobiles on two routes between Lorton, Va., (a suburb of Washington, D.C.) and Sanford, Fla. (near Disney World), and between Louisville, Ky. and Sanford. It involves no new technology; it simply adds enclosed bi-level railroad auto carrying cars to conventional long-haul passenger equipment.

Auto-Train operates two trains a day, one in each direction, between Washington and Florida. Trains

have been expanded to a typical consist of 39 cars. Often the demand for reservations exceeds available capacity, and some dates are sold out almost a year in advance.

It is not difficult to understand the reasons for the popularity of this new mode of travel; it offers an attractive compromise between the alternatives of air/car rental and auto for the traveler who needs a car at the other end of the journey. Jet aircraft coupled with rental cars at destination offers the quickest and most convenient method of travel for long distances, but it is relatively expensive. At the other extreme, travelers may choose to drive because it is cheaper, but in so doing endure long travel times and highway dangers or inconveniences.

The area outside the Northeast Corridor is characterized by significantly lower population densities, metropolitan areas outside the Corridor being both smaller and farther apart than those in the Northeast Corridor. Associated with the lower population density is a different market for both intercity and suburban public

transportation. Amtrak's service outside the Northeast Corridor is typified by long-distance trains. Some corridor-type traffic exists in this area, but train service is primarily long-haul. Through trains may pass over several short "corridors" in the course of one trip.

Table 5 lists Amtrak's service between various cities. In all cases the level of service is lower than in the Northeast Corridor. Schedules are slower, and some cities receive service only in the middle of the night. All operations are provided by conventional trains except between Chicago and St. Louis where French-built turboliners capable of high speeds are utilized.

The bulk of Amtrak's operation outside the Corridor is operated by the Penn Central. Most suburban service outside the Northeast Corridor is provided by solvent railroads in four cities: Chicago, Detroit, Cleveland and Pittsburgh. Table 6 lists these services by city. Chicago's suburban operations have the same characteristics as those in the Corridor—high volume service peaking during morning and evening rush hours.

The three other cities have only skeletal, rush-hour services. Since Amtrak's intercity service has a much lower frequency of operation in these areas, conflicts between the two services are minimal. Interference between passengers and freight operations can be a problem, however.

Most non-Corridor suburban services use conventional locomotive-hauled trains. Cleveland and Detroit trains consist of converted long-haul equipment; Pittsburgh trains use long-haul equipment plus rail diesel cars. Cars used in Chicago are of special design for suburban service. Those on Burlington Northern, Chicago & Northwestern and the Milwaukee road are high density bi-level units pulled by new or recently reconditioned locomotives. On the Illinois Central Gulf and South Shore lines, electric self-propelled cars are used exclusively.

TABLE 5.—Intercity passenger service in the Region outside the Northeast Corridor

Route	Number of miles	Number of daily trains	Operating railroad
Amtrak:			
New York-Kansas City.....	1,320	2	PC/MP.
New York-Chicago.....	907	2	PC.
Washington-Cincinnati-Chicago.....	903	2	Chessie. ¹
Chicago-Louisville-Florida.....	1,594	2	PC/LN/SCL. ²
Washington-Montreal.....	670	2	PC/BM/CV.
New York-Florida.....	1,752	6	PC/RFP/SCL.
New York-Albany.....	141	6	PC.
New York-Syracuse.....	286	2	PC.
New York-Buffalo.....	436	4	PC.
New York-Montreal.....	381	2	PC, DH.
Detroit-Buffalo.....	238	2	PC.
Chicago-Detroit.....	279	4	PC.
Washington-Cumberland.....	146	2	Chessie.
Chicago-New Orleans.....	924	2	ICG.
Chicago-St. Louis.....	284	6	ICG.
Chicago-Port Huron.....	319	2	PC/GTW.
Chicago-Champaign/Urbana.....	130	2	ICG.
Chicago-Carbondale.....	310	2	ICG.
Chicago-Dubuque.....	182	2	ICG.
Chicago-Quincy.....	262	2	BN.
Chicago-Milwaukee.....	85	14	MILW.
Non-Amtrak:			
Washington-New Orleans.....	1,154	2 ³	SOU.
Washington-Lynchburg.....	172	2	SOU.
Chicago-Peoria.....	161	2	CRIP.
Chicago-Rock Island.....	181	2	CRIP.
Washington-Florida.....	856	2	Auto-Train. ⁴
Louisville-Florida.....	1,003	(⁵)	Auto-Train.
Buffalo-Toronto.....	102	2	PC/THB/CP.

¹ Normal routing is PC west of Cincinnati.

² Normal routing is PC via Kankakee; at present, routing is PC via Logansport.

³ Daily service between Washington and Birmingham with triweekly service between Birmingham and New Orleans.

⁴ Train is operated by Auto-Train Corp. over the RFP and SCL.

⁵ Train is operated weekly by Auto-Train Corp. over LN and SCL.

Source: Amtrak system timetable, November 1974.

TABLE 6.—Daily suburban operations outside the Northeast Corridor

City	Contracting authority	Operating railroad	Number of routes	Number of daily trains ¹	1973 weekday passenger trips ²
Pittsburgh.....	PAT ³	Chessie	1	14	1,000
		PLE	1	2	400
Detroit.....	SEMTA.....	GTW	1	8	2,000
	Mich. DOT ⁴	PC	1	2	200
Cleveland.....		EL	1	2	300
Chicago.....	RTA.....	BN	1	62	43,000
	RTA.....	ICG	4	205	60,000
	RTA.....	MILW	2	75	29,500
	RTA.....	NW	1	2	1,600
	RTA.....	CNW	4	193	85,000
		PC	1	4	1,200
	RTA.....	CRIP	2	63	26,000
		CSSSB	1	39	10,600

¹ Sum of two directions—deadhead moves not included.² Secretary, DOT, *Rail Service in the Midwest and Northeast Region*, vol. 1, p. 84.³ Scheduled to become effective Feb. 1, 1975.⁴ Amtrak 403(b) suburban service.

Source: Current suburban timetables.

Quality of Service

During the late 1950's and throughout the 1960's, the image of rail passenger service suffered continuous deterioration in the eyes of the traveling public. Service became characterized by faulty equipment, poor on-time performance and records, inadequate reservations services, out-moded terminal facilities and unresponsive personnel. At the same time, airlines were winning a larger share of the passenger market by providing an attractive service which became a standard for the traveling public.

As the number of rail passengers was declining rapidly during the 1950's and 1960's, many Americans were traveling in Europe and Japan where they found high-quality rail services. This small but articulate and influential segment of the public increasingly became aware that good rail transportation could be provided by existing technology.

Congress passed the National Rail Passenger Act in October, 1970, establishing the National Railroad Passenger Corporation, better known as Amtrak, in the hope that a completely new organization, free from the encumbrances of operating both freight and passenger services, would be able to provide a service commensurate with public desires. One of the major advantages of the Amtrak concept was that a single entity would have centralized control of passenger operations and could set uniform service standards thereby creating a better image for rail service. It was hoped that with improved service, the traveling public would find rail transportation an increasingly attractive alternative for intercity travel.

The history of suburban service in the Region is much the same. Railroads first provided suburban services because they could move large volumes of passengers at a profit. As other modes of transportation developed, however, ridership declined, costs increased and profits be-

came losses. As the operating losses increased and equipment became older, railroads began to seek abandonment of these services. Metropolitan areas, already faced with increasing vehicular congestion, had the alternative of losing rail transportation or of subsidizing it, and many areas chose the latter. As a result, most suburban service now offered in the Region is subsidized at various levels by some government entity.

Quality of Amtrak Service

The Act in Section 202(b)(3) requires USRA to study the quality as well as the scope of rail passenger service in the Region. The Amtrak Annual Report for 1973 indicates considerable public dissatisfaction with the service. Table 7 lists the number of favorable and unfavorable passenger comments Amtrak received concerning each service between August and December 1973. Ridership volumes affect the number of comments concerning particular trains, but the ratio of unfavorable to favorable comments provides a meaningful indication of the relative levels of satisfaction with particular services.

From inspection of Table 7, it is apparent that, in spite of high ridership levels, the traveling public is far less satisfied with services within the Northeast Corridor than outside the Corridor. Table 8 shows that the major areas of dissatisfaction are heating and air conditioning, equipment condition, on-time performance, reservation systems and station facilities. Table 8 summarizes more recent complaints to the Interstate Commerce Commission and indicates that the same problems continue to trouble Amtrak customers.

TABLE 7.—Consumer comments received by Amtrak by route, August-December 1973.

Routes	Criticism	Praise	Ratio: C/P
Northeast Corridor:			
Conventional.....	628	112	5.59
Metroliners/turbos.....	175	48	3.64
Harrisburg-Philadelphia.....	14	8	1.75
Non-Northeast Corridor:			
Chicago-New Orleans.....	116	26	4.46
Washington-Cincinnati-Chicago.....	108	30	3.60
Washington-Cumberland.....	6	2	3.00
New York-Florida.....	846	288	2.93
New York-Chicago.....	321	135	2.37
Chicago-St. Louis.....	72	32	2.25
Chicago-Florida.....	248	111	2.23
Washington-Montreal.....	160	109	1.46
New York-Buffalo.....	51	36	1.42
Chicago-Detroit.....	47	36	1.30
New York-Kansas City.....	140	155	.90

Source: 1973 Amtrak annual report.

Several factors underlie Amtrak's service deficiencies. The first is *equipment failures*. The corporation's initial efforts were commendable but limited by the equipment it inherited from the rail industry. Amtrak did choose the best one-third of the equipment fleet available from member railroads. The Corporation launched a coordinated marketing program encompassing new in-

TABLE 8.—Number of consumer complaints, by category, August-December 1973 vs. April-August 1974

Categories	August-December 1973 ¹		April-August 1974 ²
	Criticism	Praise	Criticism
Air conditioning/heating	717	29	1575
Equipment condition	712	313	578
On-time performance	692	90	405
Personnel	525	749	(?)
Reservations	486	35	581
Schedules	437	159	37
Food and beverage	296	404	134
Conduct	266	37	482
Stations	254	0	
Station services	230	65	84
Fares and ticketing	182	44	(?)
Other marketing	173	34	(?)
On-board services	167	406	240
Roadbed	132	16	(?)
Checked baggage	103	15	14
Other general	95	21	(?)
Smoking	73	11	36

¹ Source: 1973 Amtrak annual report.² Source: Interstate Commerce Commission.³ Not available.

terior and exterior color schemes on the cars and promotion of the "Tracks are Back" slogan. Unfortunately, major overhaul work was not done, and the passenger cars could not be operated with full reliability. As car miles accumulated under Amtrak's operation, equipment failures became an increasing problem. Passengers often were afflicted with inoperative heat in winter and inoperative air-conditioning in summer.

Equipment problems are attributable to two major factors; age and inadequate refurbishing. The average age of the active fleet is 25 years, and even though the best available cars were selected for Amtrak service, they were not in good condition, and Amtrak did not overhaul the mechanical, structural and electrical systems on most of the cars.

The high rate of equipment failure not only causes passenger discomfort and train delays, but also results in reduced equipment supply and thus shortages because of lower utilization. In many cases, the need for cars to meet service requirements has become so acute that even "bad order cars" (those in need of repairs) are returned to service before they can be repaired fully or properly. The equipment supply problem is compounded by the fact that Amtrak originally purchased too few cars, misgauging its potential market.

Equipment used in long-distance trains such as the *Broadway Limited* and *National Limited* has, because of the longer running times, been a particular problem since it is more vulnerable to failure than the equipment in short-haul Corridor service. Passengers also become less tolerant of discomfort as they travel longer distances. Amtrak has made great efforts to increase the scope and quality of its repair and refurbishment work,

but with such old equipment, no program can produce entirely satisfactory results. Amtrak's marketing program has been impeded accordingly.

Utilization rates are a fairly good measure of equipment availability. The rate of utilization is defined as the ratio of hours of revenue producing service in a week to total hours in a week (168). Table 9 shows utilization rates for four different types of equipment. In the Northeast Corridor, the low utilization rate on conventional coaches is especially noteworthy.

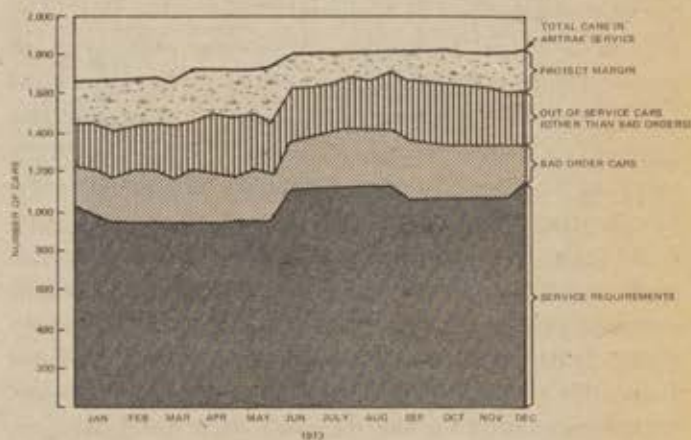
Although Amtrak's newest equipment is operated in the Corridor, the vast majority of seat miles in the Corridor is provided by conventional equipment. Most of this equipment was downgraded from long-haul service after deteriorating with age. In addition, controversy at Amtrak's inception as to whether Penn Central or Amtrak was responsible for 200 and 600 Series (New York-Philadelphia and Philadelphia-Harrisburg respectively) conventional train service delayed inclusion of this equipment in a refurbishment program.

TABLE 9.—Amtrak equipment utilization, 1973

Type	Number of cars	Average age (years)	Utilization factor (percent)
Sleepers	350	25	44
Coaches	920	24	30
Diners, lounges, parlors	360	27	30
Baggage and dormitory	215	23	40
Active fleet	1,845	25	34

Source: Secretary DOT, "Report to Congress" (July 1974, p. 28).

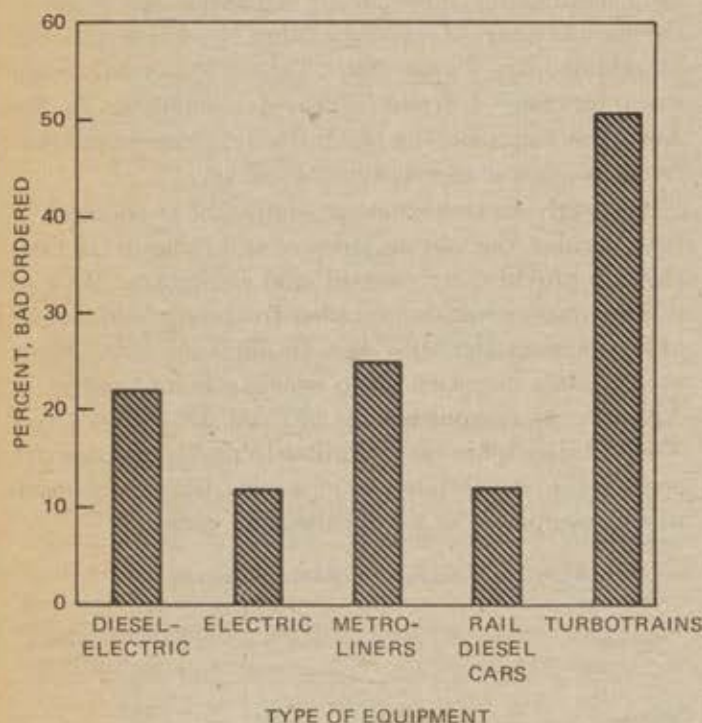
Another indication of equipment problems is shown in Figure 3. At present levels of service, approximately

FIGURE 3
AMTRAK NON-POWERED EQUIPMENT REQUIREMENTS

SOURCE: Secretary Department of Transportation, Report to Congress on the Rail Passenger Service Act (July, 1974), p. 29.

1,000 cars are needed. Amtrak owns approximately 1,800 cars but 800 are in need of repairs, out of service for other reasons or held as backup equipment.

FIGURE 4

DEFECTIVE EQUIPMENT (BAD ORDER) RATIOS:
POWERED EQUIPMENT

SOURCE: Secretary DOT, *Report To Congress On The Rail Passenger Service Act* (July, 1974) p. 31.

Amtrak has also experienced high failure rates with the two newer types of equipment used in the Corridor. Figure 4 shows bad-order ratios for each type of powered equipment, the highest applying to turbo trains (50%) and Metroliners (25%). In contrast, electric locomotives, which power conventional trains, the most recent of which was built in 1943, have a bad-order ratio of approximately 11 percent.

After heating and air conditioning failures and poor condition of equipment, the most frequent complaint of Amtrak passengers was *on-time performance*. Systemwide, Amtrak's on-time performance record declined from 1971 through 1973. Table 10 summarizes the performance records for the railroads over which Amtrak operates. On-time performance records for the major carriers in the Region—Penn Central and the Chessie System—have deteriorated over the three-year period. Furthermore, Penn Central's figure is considered to be lower than shown in the table due to reporting trains on time even though they were more than five minutes

late.² Recent changes in reporting procedures required by the ICC affect the statistics; Amtrak formerly reported all trains over five minutes tardy as late trains, but the new ICC rules permit leeway up to thirty minutes—depending on distance of the trip.

TABLE 10.—Summary of on-time performance—by railroad
(In percent)

	1971	1972	1973
Santa Fe	80.7	84.8	87.8
Burlington Northern	68.5	71.8	64.2
Chesapeake & Ohio/Baltimore & Ohio	80.2	73.8	77.4
Illinois Central Gulf	54.9	57.7	33.1
Louisville & Nashville	57.6	45.2	42.9
Milwaukee Road	88.4	87.6	96.1
Missouri Pacific	85.0	58.4	58.3
Penn Central	60.4	78.7	62.7
Richmond, Fredericksburg & Potomac	81.1	70.7	58.4
Seaboard Coast Line	68.9	73.7	58.5
Southern Pacific	60.2	67.0	68.1
Union Pacific	92.1	87.6	77.4

Source: Secretary DOT, "Report to Congress" (July 1974) p. 25.

Amtrak's long-haul trains generally have a performance record inferior to that of short-haul trains. These trains must traverse more miles at speeds restricted because of track conditions. For example, the *Broadway Limited* must operate at 30 m.p.h. over some portions of its route where better track maintenance permitted speeds up to 90 m.p.h. in the past. Even with schedules lengthened, as shown on Table 11, poor track conditions and delays in removing defective equipment have caused on-time performance to deteriorate. Table 12 summarizes on-time performance for Amtrak trains operating in the Region between May and October 1974. Figure 5 illustrates the decline in Amtrak's systemwide on-time performance for both long-haul and short haul trains.

Deteriorated track condition systemwide accounted for 32 percent of all Amtrak delays during 1973. Since most of the deteriorated track over which Amtrak operates is in the East, these slow orders would be responsible for far more than 32 percent of the delays to trains operating in the Region. The exact number of miles affected by slow orders varies from day to day as some sections of track are repaired and others become defective, but the problem is widespread and serious in the Region, especially outside the Northeast Corridor. Deteriorated track and structures often reduce train speeds to as low as 10 m.p.h.

Conditions became so serious in Indiana during 1974 that the Federal Railroad Administration (FRA) closed down 67 miles of track, deeming it unsafe at any speed. Two Amtrak trains—the *James Whitcomb Riley* and the *Floridian*—had to be moved away from their

² U.S. Department of Transportation, *Report to Congress on the Rail Passenger Service Act*, (July, 1974), p. 25.

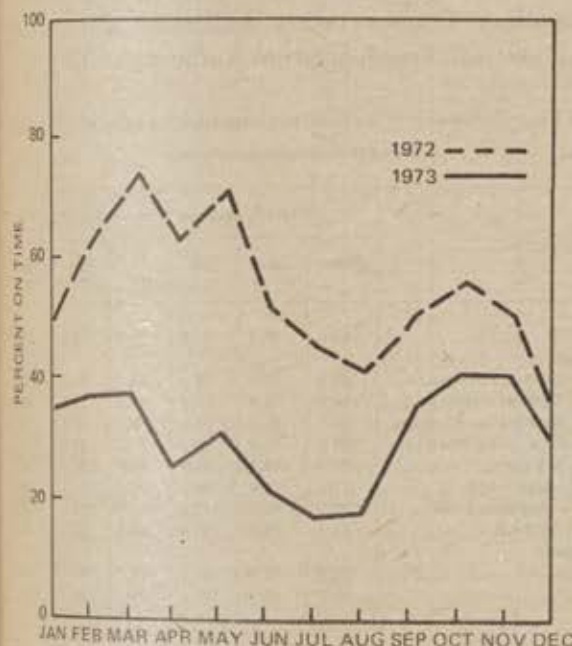
original routes to alternative routes to avoid the worst stretches of track. Major cities thereby lost service, further complicating Amtrak's planning efforts.

FIGURE 5

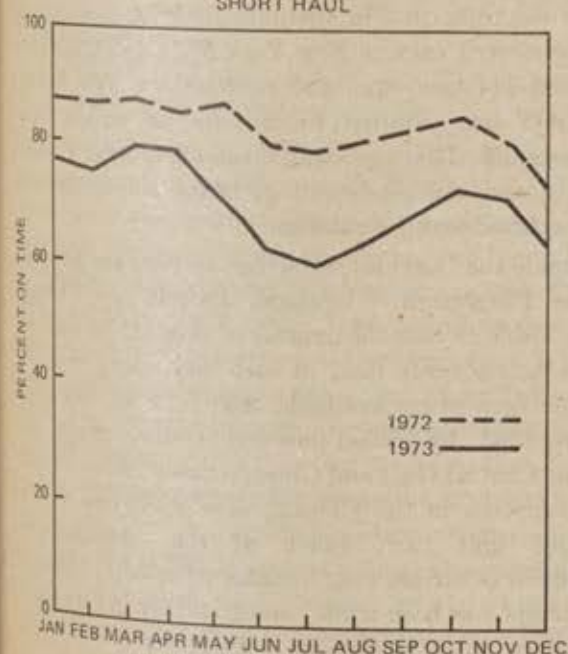
AMTRAK

SYSTEM ON-TIME PERFORMANCE

LONG HAUL



SHORT HAUL



SOURCE: SECRETARY DOT, REPORT TO CONGRESS ON THE RAIL PASSENGER SERVICE ACT (JULY, 1974) P. 26

TABLE 11.—Comparison of rail travel times between selected major city pairs, 1949 versus 1974

City pair	Elapsed travel time		Percent increase (decrease) 1949-74
	1949	1974	
New York-Chicago	16'00"	17'00"	6
New York-St. Louis	20'00"	21'15"	6
Washington-Chicago	16'00"	17'20"	8
Washington-Cincinnati	14'00"	13'25"	(4)
Chicago-Cincinnati	5'30"	8'15"	50
Chicago-Louisville	5'45"	9'15"	61
Washington-Montreal	15'40"	16'50"	7
New York-Albany	2'35"	2'50"	10
New York-Montreal	10'00"	10'20"	3
Detroit-Chicago	5'00"	5'45"	15
Chicago-Carbondale	4'25"	5'20"	21
Chicago-St. Louis	5'10"	5'00"	(3)
Chicago-Port Huron	8'05"	8'10"	1
Chicago-Milwaukee	1'15"	1'30"	20

Source: "Official Railway Guide," September 1949; Amtrak system timetable November 1974.

TABLE 12.—On-time performance summary¹ for selected Amtrak service, May-October 1974

Service	Distance (miles)	Number of trains	Percent on-time
Northeast Corridor		20,081	82.5
Metroliner	225		
Turbotrain	232	5,203	79.8
Conventional	91-456	14,096	84.5
Non-Northeast Corridor		4,046	62.0
New York/Kansas City	1,329	368	1.4
New York/Chicago	907	368	12.8
Washington/Cincinnati/Chicago	908	368	36.1
Washington/Montreal	670	368	79.6
New York/Buffalo	436	1,838	76.7
Chicago/Detroit	279	736	84.5

¹ Reflects the changes in on-time reporting procedures which became effective Jan. 1, 1974.

Source: Monthly Amtrak reports for ridership and on-time performance.

The slow order problem makes late arrivals almost inevitable, because many schedules are based upon past performance when passenger trains were operated at faster speeds. While the recommended track program will eventually correct the slow-order problem, implementation will require 3 to 7 years.

Equipment failures also affect on-time performance. Power unit failures may reduce acceleration rates and maximum speeds and, under some conditions, can immobilize a train. Mechanical, electrical or structural failures on passenger cars are likely to necessitate unscheduled stops or excessive waits in terminals while defective equipment is repaired or removed. Even though passenger service has priority over freight service, rail passengers frequently find their train held up in order to give a freight the right-of-way.

Reservation grievances, although decreasing in number, are still high on the list of complaints. The improvement is due largely to the introduction of ARTS (Amtrak Reservations and Ticketing System). Since April, 1974, this computerized system has provided toll-free reservations service through five regional centers. Never-

theless, rail passengers still face an antiquated system at the ticket counters.

Insufficient numbers of reservation clerks and slow ticketing procedures produce long waits. Often clerks are unfamiliar with the complexities of tariff regulations, causing confusion. Also it is not uncommon for a boarding passenger to find a reserved seat or sleeping accommodation already occupied. Lack of coordination between reservations and operating personnel and changes of originally assigned equipment are to blame.

Many stations are in a distressing state of disrepair, and massive renovation is necessary. Stations are dark, dirty and lacking in even such services as telephones. Restrooms are often out of order or non-existent, and train information is not always readily available. Typically, stations are located in the older sections of cities, often near industrial areas. Crime may be a problem, and satisfactory parking and access to mass transportation often are not available. The negative impression provided by the stations may be a significant factor in marketing rail passenger services even when other services are improved.

Quality of Suburban Service

Commuters, too, seek frequent, prompt and comfortable rail transportation, but they have a different set of priorities. Suburban trains move large numbers of people over relatively short distances between their residences and places of business. Because suburban service takes place within limited morning and afternoon time periods and arrival at a specific time is essential, the traveling public is most concerned about schedule frequency and on-time performance and is more tolerant of some discomfort.

The uniquely high population density of the Northeast Corridor has favorably influenced the quality of suburban services. For example, ridership volume has justified electrification of most of the rights-of-way serving the New York and Philadelphia areas. Electrification permits the use of self-propelled multiple unit (MU) electric trains, which possess greater acceleration capabilities than conventional locomotive powered trains. In service requiring frequent stops, MU trains can travel at higher average speeds.

On-time performance for suburban service in the Northeast Corridor is more satisfactory than for inter-city service. As shown in Table 13, between May and October 1974, all services except some of those provided in New Jersey met their schedules more than 80 percent of the time. During the period analyzed, these New Jersey services were adversely affected by poor track conditions which are being remedied through an improvement program of the New Jersey Department of Transportation.

Equipment quality and passenger comfort vary widely. Table 14 summarizes the age of equipment used in suburban service in the Corridor by each railroad. Equipment ranges from new to 65 years of age. Many of the older self-propelled and locomotive hauled cars have outlived their usefulness and are being replaced with new equipment purchased under the sponsorship of agencies such as the Southeastern Pennsylvania Transportation Authority (SEPTA), New Jersey Department of Transportation (NJ DOT), New York's Metropolitan Transportation Authority (MTA) and the Connecticut Transportation Authority (CTA).

TABLE 13.—Summary of on-time performance for selected Northeast Corridor suburban services

City/route	Percent on-time, May-October 1974					
	May	June	July	August	September	October
Boston, PC	95.8	97.2	95.8	96.3	96.3	92.7
New York:						
PC—Harlem Division	93.9	92.8	92.4	93.8	92.0	91.3
PC—Hudson Division	83.6	84.8	86.7	84.4	85.4	86.9
PC—New Haven Division	88.8	89.2	83.8	88.5	91.1	90.9
PC—New Jersey Main Line	88.7	91.2	91.9	84.1	84.7	86.3
PC—NYLB	72.9	74.1	61.8	62.0	68.1	32.1
CNJ—Main Line	77.3	77.6	68.2	70.0	60.6	34.9
CNJ—Bayonne Line	79.6	72.8	74.0	67.1	70.5	54.3
CNJ—NYLB	54.5	56.6	48.8	55.3	33.5	25.6
Philadelphia:						
PC	91.6	91.6	91.9	93.2	91.9	90.4
RDG	94.0	94.4	93.9	94.0	94.0	(?)

(?) Not available.

Source: Railroads' suburban operating statistics (December 1974).

For example, in Philadelphia SEPTA is acquiring 24 new electric cars, in New York MTA and CTA have acquired 144 new cars, and in Northern New Jersey, NJ DOT has acquired 70 cars for use on the Erie-Lackawanna. The new equipment offers more reliable heating and air conditioning, better riding qualities and superior sound insulation.

Outside the Corridor, suburban services are provided in the Pittsburgh, Cleveland, Detroit and Chicago areas. Table 14 lists the number of cars and locomotives in the active fleets used in each city, along with the average ages where available. Service in all four cities is provided by diesel-powered trains, except for Illinois Central Gulf and Chicago South Shore & South Bend services in the Chicago area which use electric multiple unit cars. Much of the diesel-powered equipment is former long distance equipment, although an attempt has been made—most notably in Chicago—to replace older equipment with newer bi-level cars.

Beginning in the early 1950's, the Burlington Northern and Chicago & Northwestern began to replace old suburban coaches with bi-level air conditioned cars seat-

TABLE 14.—Type and age of equipment used in suburban service

City/railroad/owner	Total Number of units	Electric self-propelled				Diesel self-propelled				Conventional coaches			
		Number of units	Percent under 10 yr	Percent 10-20 yr	Percent 20+yr	Number of units	Percent under 10 yr	Percent 10-20 yr	Percent 20+yr	Number of units	Percent under 10 yr	Percent 10-20 yr	Percent 20+yr
Boston:													
MB/MB	84					84			100				
PC/PC	81					7			100	74			100
New York:													
PC/PC	282	81			100	16			100	185			100
PC/MTA	264	216	33	45	21					48			100
PC/MTA	124	124	58		42								
PC/PANY&NJ	167	167		48	52								
PC/NJ	182	124	83		16								
CNJ/NJ	155					10			100	58			100
LJ/MTA	1,197	1,887								145	7		93
SUNYC	52	52	100							310			
EL/EL	247	231			100					16			100
EL/NJ	155									155	100		
Philadelphia:													
PC/PC	310	310		2	98								
PC/City of Philadelphia	56	56	36	64									
PC/SEPTA	10	10	100										
RDG/RDG	146	136			100	4			100	6			100
RDG/PSIC	12					12			100				
RDG/City of Philadelphia	17	17		100									
RDG/SEPTA	14	14	100										
PSL/NJ	10					10			100				
Washington, D.C.: B&O/B&O	21					13			100	8			100
Detroit:													
PC/PC	1					1			100				
GTW/OTW	17									17			100
Pittsburgh:													
B&O/B&O	4					4			100				
PLE/PLE	5									5			100
Cleveland: EL/EL	5									5			100
Chicago:													
CNW/CNW	284									284			
ICG/ICC	164	164											
BN/BN	119									119			
CRIP/CRIP	108									108			
MILW/MILW	103									103			
NW/NW	8									8			
PC/PC	14									14			100
CSSB/CSSB	62	62			100								

¹ Ranges in age from 2 to 25 yr.² Ranges in age from 12 to 65 yr.³ Average age 12 yr.⁴ Average age 3 yr—excludes GMO equipment.⁵ Average age 1 year—major rebuilding program in 1974.⁶ Average age 33 yr.⁷ Average age 13 yr—does not include 41 new cars delivered in late 1974.⁸ Average age 34 yr.

Source: Owner statistics.

ing 150 plus passengers. The Chicago & Northwestern purchased more than 280 of these suburban coaches and, because the service showed a small profit, the railroad was able to finance these purchases.

Since 1970, equipment purchases on all the Chicago area lines generally have been made with UMTA grants. The railroads provide the local share by donating depreciated equipment to a Suburban Transit District, and the District then arranges to rehabilitate the old equipment.

On-time performance for the major suburban services outside the Corridor is somewhat better than that within the Corridor. Table 15 summarizes on-time performance of railroads carrying 85 percent of the riders in the Chicago area for May through October 1974. The on-time performance rate for most of these railroads was more than 90 percent, a level of service that meets the most important requirement for suburban services.

TABLE 15.—Summary of on-time performance for selected Chicago suburban services¹

Railroad:	Percent on-time
Penn Central	93.3
Burlington Northern	91.5
Milwaukee Road	97.4
Illinois Central Gulf	97.5
Chicago & Northwestern	93.0
Rock Island	68.0

¹ Source: Commuter Railroads (Jan. 1975). Data covers either all of 1974, or sample 2-month periods. In case of duplicate routes for one railroad, data represents average of all routes. Rating allows for a 5-minute schedule deviation, except BN which allows but 3-minute deviation during rush hours, Milwaukee which allows 3 minutes at all times, and C. & N.W. with a minute allowance.

Identification of Corridors

Section 206(a)(7) of the Act, directs the Association to include in the Preliminary System Plan "the identification of all short-to-medium distance corridors in densely populated areas in which the major upgrading

of rail lines for high-speed passenger operation would return substantial public benefits."

Two general strategies are possible for the development of rail passenger services. Funds can be concentrated in a small number of corridors so that major improvements can be made in speed, thus substantially improving the competitive position of rail service with both the automobile and the airplane. This strategy is recommended in the Amtrak Five Year Plan released in August 1974. The reasons underlying this strategy are that only a major increase in speed, such as planned for the Northeast Corridor, will attract passengers from the other modes and that the only fair test of the long term potential of passenger trains would be through major upgrading. The counter-argument is that investments of the magnitude required for very high-speed, high-frequency service are justified at this time only in the Northeast Corridor, which is unique and already has a heavy proven ridership base. Concentrating major expenditures on a limited route structure where the results are uncertain, and at the same time leaving other equally promising routes without service altogether, seems in USRA's opinion an imprudent policy.

The Association recommends the second approach. It contemplates a broad-based program of service improvements graduated over time according to public need, as demonstrated by actual ridership. This has two important advantages. First, it offers to a broad cross-section of the public an opportunity to demonstrate, through actual usage, the extent to which passenger service really is desired. Second, it minimizes the risk that large sums of money will be spent on services for which demand may never develop. If and when demand becomes sufficient, service can be upgraded as appropriate. If demand does not materialize, service can be discontinued before a major loss of public funds ensues.

Critics of this strategy argue that moderate service improvements might not be sufficient to develop the full potential usefulness of the passenger train. USRA has adopted this second strategy, nevertheless, in the belief that costly public commitments for high-speed service cannot be justified at this time. There are too many markets which have either no service or unsatisfactory service at present. It would be better public policy to support development of a basic system of rail services between major population areas so that expansion can be implemented when and if it is required.

In USRA's opinion, proven demand both present and past is the best indicator of usefulness. Provision of service where there is none now and upgraded service where some presently exists will provide a sufficient basis for implementation of a logical and efficient passenger service improvement program.

Approach. USRA's approach to identifying potential corridors was first to survey the opinion of interested

parties, such as state and local governments, Amtrak, the United States Department of Transportation and the National Association of Railroad Passengers, for their judgment on which areas had potential for successful rail passenger service. These areas were matched against the criteria used by the U.S. Department of Transportation in developing recommendations for the original Amtrak route structure. These were:

- end point cities with Standard Metropolitan Statistical Area (SMSA) population of one million persons or more,
- distance of 300 miles or less between end points,
- railroad right-of-way connecting the end points which could presently or potentially be utilized for passenger trains with average speeds competitive with those of highway transportation.

Through this process, 18 city pairs qualified as potential corridors.

Each potential corridor then was considered for two possible levels of rail passenger service. Level I corridors were defined as those where heavy demand for rail passenger service already exists and major benefits from service improvement could be expected. Such corridors would receive service essentially comparable to that proposed for the Northeast Corridor in the report of the Secretary of Transportation. The report recommends 80 m.p.h. average speeds with maximum speeds up to 150 m.p.h. Included are departures every 30 minutes during heavily traveled times of day.

Level II corridors were defined as those where the demand for rail passenger service is less and where substantially less public benefit can be forecast. Such corridors would qualify for developmental service designed to measure public use. It is recommended that this service utilize either new rolling stock specifically designed for this service, or existing equipment refurbished and modernized to the greatest extent practical. Trains would operate at maximum speeds in the 80 to 100 m.p.h. range primarily over rights-of-way improved for freight service. Implementation of new or improved passenger service would depend upon the existence of this improved right-of-way, and therefore corridors already possessing passenger service would receive improvements before those without existing service.

Two factors underlie the consideration of two levels of service improvements for potential corridors. First, Amtrak's experience has demonstrated that, with proper marketing, people will ride trains. Intermediate level improvements as described for Level II corridors will provide a useful tool for analyzing public demand. Secondly, previous studies have indicated that capital expenses associated with passenger operations at speeds in the 120 m.p.h. range are two to four times greater than for speeds in the 80 m.p.h. range but do not produce

comparable increases in ridership.³ Therefore, limiting speed increases on these routes to the 80 m.p.h. range would help to conserve capital while still offering the public substantially improved service.

The selection of individual corridors for various levels of service improvement utilized a combination of statistical data and intuitive reasoning. As a starting point, a methodology developed for USRA by Harbridge House was used to estimate the relative magnitude of non-economic public benefits to be derived from passenger service improvements in several of the potential corridors. It did not attempt to assess the value of a change or addition in service in an absolute sense, but the value of one service expansion in relation to alternatives or in relation to current service. As a result, it produced relative rankings of alternatives. Projected non-economic benefits were estimated in terms of the relative effect of the service with respect to congestion, air quality and energy consumption.

There were two basic steps in estimating the non-economic benefits of passenger service. First, present and projected ridership in terms of revenue passenger miles was developed. For existing services, 1974 Amtrak data was used. For services already planned for upgrading by Amtrak, ridership projections prepared by Amtrak were adopted.⁴ For proposed new routes, 1979 ridership was estimated, using a mathematical model designed to forecast travel demand based on city pair populations and the distance between those two cities. The model was calibrated using ridership over existing routes.

The second step was to apply present or projected ridership figures to certain factors reflecting the impact of rail, air and highway transportation upon air quality, energy consumption and congestion to produce an index of social benefit of each category. The indices produced by this analysis were used to rank selected existing services as well as those planned and proposed for upgrading. Although these indices were not designed to be useful in establishing absolute benefit levels, they did provide a picture of the relative benefits of the services.

Table 16 lists the 18 potential intercity passenger corridors which were identified for the study. Many of these city pairs have a number of characteristics in common. Typically, they cover an area 25 to 50 miles wide and 100 to 300 miles long. Population density is often high throughout the corridor, congestion in the transportation system is an important concern and air pollution is a serious problem in many of these areas. In short, these areas fit the general description of places where rail service might make an important contribution to the quality of life. In each of these corridors the

end point cities are connected by one or more rail rights-of-way which could be used to provide some level of passenger train service.

Table 17 summarizes, for the corridors studied, the social benefit indices developed with the Harbridge House methodology. The indices are divided between existing high speed service, that which is planned for upgrading in Amtrak's Five Year Plan and proposed new service. The index totals fall into two groups: that

TABLE 16.—Potential intercity passenger corridors

Corridor	Rail miles	1973 population for standard metropolitan statistical area (SMSA) (millions)			
		First SMSA	End SMSA	Intermediate SMSA's	Total SMSA population served
Northeast Corridor:					
(a) New York-Washington.....	225	9.97	2.91	0.92	22.80
(b) New York-Boston.....	232	9.97	2.90	2.54	15.41
New York-Buffalo (via Albany)...	437	9.97	1.35	2.72	14.04
Chicago-Detroit.....	284	7.61	4.43	.81	12.85
Cleveland-Chicago.....	340	2.06	7.61	1.04	10.71
Chicago-Cincinnati (via Indianapolis).....	308	7.61	1.38	1.11	10.10
Chicago-St. Louis (via Springfield).....	284	7.61	2.41	.27	10.05
Chicago-Milwaukee.....	85	7.61	1.40	.....	9.01
Philadelphia-Pittsburgh.....	348	4.82	2.40	1.12	8.34
Detroit-Cincinnati.....	282	4.43	1.38	1.61	7.42
Detroit-Buffalo.....	251	4.43	1.35	.....	5.78
Pittsburgh-Indianapolis (via Columbus).....	371	2.40	1.11	1.86	5.37
Washington-Pittsburgh (via Cumberland).....	296	2.91	2.40	.....	5.31
Cleveland-Pittsburgh (via Youngstown).....	131	2.06	2.40	.54	5.00
Washington-Norfolk-Newport News (via Richmond).....	188	2.91	1.02	.54	4.47
Cleveland-Cincinnati (via Columbus).....	260	2.06	1.38	1.01	4.45
Indianapolis-St. Louis.....	240	1.11	2.41	.18	3.70
Cleveland-Buffalo.....	184	2.06	1.35	.26	3.67

Source: Bureau of the Census, "Ranking of U.S. Standard Metropolitan Statistical Areas," the World Almanac and Book of Facts: 1974, Newspaper Enterprise Association, New York City 1973, p. 156.

TABLE 17.—Public benefit index for selected service improvements based on Harbridge House analysis

Corridor	Con- gestion	Public benefit index		Total
		Energy con- sump- tion	Air quality	
Existing high-speed service: Northeast Corridor	1.00	1.00	1.00	1.00
Planned for Upgrading by Amtrak: ¹				
Chicago to Milwaukee	.17	.16	.34	.29
New York to Buffalo (via Albany)	.16	.60	.09	.14
Chicago to St. Louis	.17	.28	.07	.11
Chicago to Detroit	.17	.26	.07	.11
Proposed services:				
Detroit to Cincinnati	.08	.11	.04	.06
Pittsburgh to Indianapolis	.07	.06	.06	.05
Chicago to Cincinnati	.06	.03	.01	.02
Cleveland to Pittsburgh	.02	.02	.02	.02
Cleveland to Cincinnati	.04	.05	.00	.02
Detroit to Buffalo	.03	.02	.00	.01

¹ Indices represent total benefits from existing and improved services.

³United States Department of Transportation, *Survey to Determine the Potential for Improved Rail Advanced Vehicle Service*, July 1973.

⁴National Railroad Passenger Corporation, "Five Year Financial Program, Operations & Capital Acquisitions, Fiscal Years 1975-1979."

which is extremely high, i.e., New York-Washington, and those which are moderately high or so low as to be insignificant by comparison. Clearly, where public benefits most heavily justify high speed corridor service, it already exists. In corridors other than the Northeast Corridor, benefit indices are so minimal by comparison that further analysis would be needed before implementation of high speed service is undertaken.

Recommendations for Corridor Service

The following recommendations are in accord with USRA's position that expenditures of the magnitude required for high-speed Northeast Corridor-type service be made only where clearly justified by potential public benefits. Amtrak is free to supplement, reduce or modify the concept of future service improvements as its studies indicate necessary, but it is urged to consider thoroughly the following approach. It is recommended that high speed service be established only in the Northeast Corridor. All other corridors classified as Level II should receive new or improved service as outlined.

The proposed service improvements for each corridor are shown in Table 18. The concept underlying these improvements calls for an integrated network of corridor services which will provide a minimum frequency of two trains in each direction in each corridor. Appendix

TABLE 18.—Summary of recommended service improvements

Corridor	Present service level			Recommended service level	
	Transit time ¹	Number of daily round trips ¹	Highway travel times ²	Transit time	Number of daily round trips
Level I:					
Northeast Corridor:					
New York to Washington	3'03"	30	6'15"	2'30"	(2)
New York to Boston	4'30"	11	5'00"	3'00"	(3)
Level II:					
Chicago to Milwaukee	1'30"	7	2'15"	1'15"	10
New York to Buffalo	8'30"	3	10'00"	7'20"	(1)
Chicago to St. Louis	3'00"	3	6'30"	4'30"	4
Chicago to Detroit	6'50"	2	6'00"	5'00"	4
Detroit to Cincinnati	None	0	6'00"	5'30"	2
Pittsburgh to Indianapolis	8'30"	1	8'00"	7'30"	2
Chicago to Cincinnati	9'00"	1	6'45"	6'15"	3
Cleveland to Pittsburgh	None	0	3'15"	3'00"	3
Cleveland to Cincinnati	None	0	3'45"	3'30"	3
Cleveland to Buffalo	None	0	4'15"	3'15"	2
Philadelphia to Pittsburgh	7'16"	2	7'15"	7'00"	2
Washington to Pittsburgh	8'19"	(2)	6'00"	6'00"	2
Washington to Norfolk	None	0	5'00"	4'00"	2
Detroit to Buffalo	5'05"	1	7'45"	5'00"	1
Cleveland to Chicago	None	0	8'00"	5'45"	3
Indianapolis to St. Louis	4'50"	1	5'00"	4'00"	2

¹ Based on current Amtrak timetable.

² Modified Rand McNally trip times which reflect 55 mph speed limit.

³ By 1990 frequency should be 1½-hourly New York to Washington, and 1½-hourly New York to Boston; by 1982 frequency should be 1½-hourly New York to Washington, and hourly New York to Boston.

⁴ 3 round trips Buffalo to Syracuse; 4 round trips Syracuse to Albany; 7 round trips Albany to New York.

⁵ Long distance trains operating in proposed corridors.

⁶ 1 daily round trip plus 1 additional round trip triweekly via Harrisburg. Also 1 daily round trip Washington to Cumberland.

G contains recommended rail routings for these services. Coordinated bus service should be considered to establish the network prior to completion of necessary track upgrading and could ultimately serve to feed passengers to rail routes. Adjacent corridors would be linked, either through direct or convenient connecting services, to provide schedule availability between major cities. Downtown-to-downtown transit times would be competitive with auto and, in some cases, airline travel, and the service would be directed at attracting primarily nonbusiness and, to a lesser extent, business travelers.

To minimize operating and capital costs, equipment assigned to Level II corridors would be standardized and schedules tailored to obtain maximum ridership and equipment utilization. In this manner, it is estimated that train service in the Region can be increased by almost 187 percent while additional equipment requirements will increase 100 percent. The integrated corridor concept is discussed in detail in Appendix G.

Responsibility for detailed planning and implementation of improved services will lie with Amtrak. The planning and marketing studies required will consume considerable time, and even if planning were complete today and equipment available, the present deteriorated condition of track in the corridors would preclude the running times suggested. Upgrading of all corridors in question will require at least 5 to 10 years. It is recommended that, due to the lead time required for implementation, Amtrak immediately begin planning service for the identified corridors. The alternative of waiting for a crisis similar to the 1973-74 energy crash and then attempting to establish quickly a patchwork of uncoordinated service must be avoided if the Region is to have a rational, coordinated passenger service network.

Amtrak may also wish to consider introducing service between additional cities which did not qualify as corridors according to USRA's selection criteria. For example, some non-qualifying areas suggested in the original corridor identification process include Boston-Portland and New York-Binghamton. If detailed marketing studies produce evidence of sufficient passenger demand, Amtrak could initiate service in any or all of these areas. If demand is sufficient only for state level interest in initiating service, a combination of state and federal funds could be used under the provisions of Section 403(b) of the Rail Passenger Service Act of 1970. A number of cities in Illinois, Michigan and New York area presently receiving service under this type of arrangement.

Passenger Policy Considerations

The level of passenger service, both intercity and suburban, will undoubtedly increase, and Congress expects that the quality of service will be improved. To improve passenger service, the ICC has proposed stand-

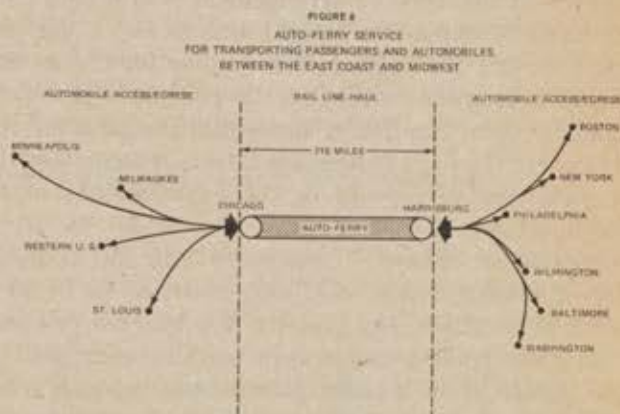
AUTO-FERRY SERVICE

The Association also recommends that Amtrak investigate an auto-ferry service similar to that presently provided by Auto-Train. The overwhelming demand for Auto-Train service and the fact that Auto-Train stockholders receive a significant return on investment suggests that some type of auto-ferry service operated by Amtrak may prove to be financially rewarding. Admittedly, the Florida route is a lucrative one for Auto-Train service because of the magnitude and nature of automobile travel between these two markets. Whether the same concepts could be profitable on other Amtrak routes is another question, and the answer would require detailed marketing and operating studies.

One area in which the auto-ferry service may be justified in the Region is between Harrisburg, Pa. and a location in the Chicago metropolitan area as shown in Figure 6. A schedule between these two points similar to the current *Broadway Limited* schedule would provide overnight transportation for passengers and their automobiles between strategically located terminals. The major east coast cities of Boston, New York, Philadelphia, Baltimore and Washington would be served through a relatively short drive to Harrisburg, while the Chicago terminal would serve not only that city but also the midwestern cities of St. Louis, Milwaukee and Minneapolis, providing a gateway to the western United States.

For these reasons, USRA recommends that Amtrak perform detailed marketing and operating studies to determine the feasibility of operating an auto-ferry between these two points. The concept of carrying auto-

mobiles and their passengers on the same train offers travelers an opportunity to combine the flexibility and convenience of the automobile with the comfort and economics of the train. While Amtrak's service attempts to divert passengers from their automobiles, the auto-ferry concept attracts passengers and their automobiles. The technology is available now, and it would utilize excess rail capacity.



If such a service does prove successful in attracting sufficient ridership, Amtrak may want to consider providing a second service between Albany, N.Y. and Chicago in order to attract the overflow from the New York and New England area. A further consideration, if demand warrants, could be the extension of auto-ferry service from Chicago to Denver, thereby providing this unique service to Western cities.

ards for service quality and track which also could have a significant impact on ConRail. For these reasons, policy questions of facilities control, operations control and financing must be considered by USRA to implement improved passenger services.

Facilities control.—Responsibility for facilities involves policymaking authority over all functions pertaining to the physical condition of the railroad. This includes proper maintenance of track, signals, structures and other facilities. In addition, policies concerning capital improvements such as grade crossing elimination, reduction of curvature and various types of track, signal and structural modifications must be set according to the service to be provided. When facilities are used for more than one type of operation, policies on maintenance and capital improvements must take into account the often conflicting needs of each user.

For example: the standards of track geometry and alignment required for high speed passenger train operation vary significantly from those required for conventional freight and passenger trains. Similarly, the wear

caused by freight trains with heavy wheel loadings tends to be more severe than that caused by passenger trains. Both of these variations will dictate different levels and types of maintenance effort which must be reconciled if the two services are operated together. A more clear-cut condition exists for allocating responsibilities where facilities required for one type of service could be eliminated completely if the service were not provided. Obvious examples are classification yards for freight trains and passenger terminals and support yards for passenger trains.

It is USRA's recommendation, therefore, that when the facility exists for the exclusive use of passenger services, the passenger entity involved must bear the full responsibility for facility decisions. If more than one passenger entity is involved, obviously arrangements for dividing these responsibilities must be worked out by the parties involved.

Where a mix of passenger and freight services exist and passenger services predominate, the passenger service entity should have primary responsibility for facil-

ity decisions. ConRail should be responsible for any additional facilities required for its operation, such as industrial sidings, as well as an appropriate share of the cost for use of the passenger facility. This is similar to an arrangement which presently exists between Penn Central and MBTA in Boston.

Conversely, where freight services predominate, ConRail should have primary responsibility for facility decisions. Passenger users should be responsible for additional facilities required for their operation plus an appropriate share of the cost for use of the facilities. An example of this type of arrangement would be a main line rated 60 m.p.h. for freight and 80 m.p.h. for passenger service. To upgrade this facility for higher passenger train speeds would be the responsibility of the passenger user. Similarly, any signalling or other control system required to upgrade a freight secondary line for passenger use would be the responsibility of the passenger user.

Operations control.—Operations control responsibility presents similar conflicts whether one or more service is provided. The greatest potential for problems exists where traffic volumes approach the capacity of the fixed plant. In such cases, interference between trains tends to cause delays, and priorities for train dispatching can have an important effect upon service quality as well as the operating expenses of individual users. Compounding the problem, priorities significantly reduce capacity of the system as compared to a system organized on a first-come, first-served basis.

Where intercity passenger, suburban and freight operations are intermingled, the diverse operating characteristics and service requirements of each create a complex and often conflicting traffic mix. Intercity passenger trains are generally limited-stop, high-speed operations; suburban trains have mixed characteristics ranging from high-speed, limited stops to frequent stops with moderate overall speed, and freight trains are moderate to slow-speed operations making relatively few stops. Although it is apparent that certain rail operations are becoming increasingly time-limited, when combined on the same right-of-way, the operation of each can hinder the operation of the others. If one of the users holds responsibility for operational control, preferential treatment is likely.

One potential problem with ConRail ownership and control is that there is a general public belief that railroads do not give high priority to the movement of passenger trains. There may be some validity to this public criticism, as often railroads do not maintain definitive policies enforced down to the line supervisory level. This can result in an indifferent attitude toward the movement of passenger trains.

It is also USRA's recommended policy that passenger trains be allowed to operate at the maximum speed consistent with track conditions and should be given prefer-

ence over freight operations. While operating conflicts between freight and passenger service exist, ConRail should identify necessary operational and facilities changes to reduce or eliminate these conflicts and see to it that these changes are executed properly at the operating level. To maximize the degree of cooperation between the two entities, it is recommended that ConRail and Amtrak agree upon a financial incentive program which will reward superior performance and penalize inferior operations.

Financial responsibility.—With the creation of Amtrak and the various commuter authorities, the bankrupts have been relieved of a significant portion of their passenger deficits. Certain substantial costs still, however, are incurred by the freight operator(s); for the most part, these relate to fixed plant ownership and maintenance costs.

The USRA recommends ConRail freight operations not be used to subsidize passenger service. Therefore ConRail should not continue to carry the cost burden of passenger services operated over ConRail facilities in any form. It is therefore the Association's recommendation that all costs directly attributable to passenger service be borne by the responsible passenger entity, whether Amtrak or the commuter authority.

The determination of this cost responsibility is often quite difficult. The simplest situations to resolve are those instances where the asset is entirely employed for passenger operations, e.g., cars, track used exclusively for passenger operations, shops used exclusively for the maintenance of passenger service equipment, stations and in the case of electrified services (where there is no electrified freight service), the related catenary and power subsystems.

For such exclusive use, the passenger entity should bear the full cost of ownership and maintenance of the asset. This could be accomplished through various methods, including renegotiation (to an extent not already contemplated) of present contracts, negotiation of leases which reflect this cost, or a direct transfer of the asset from ConRail. The Final System Plan will contain standards for that negotiation. Where there is joint use, but passenger operations dominate, it is the policy of USRA that the passenger operator(s) be responsible for ownership and maintenance costs and that ConRail pay all costs directly attributable to freight service.

On those facilities where ConRail freight operations will represent the dominant user, ConRail will maintain responsibility for both ownership and maintenance of the assets. ConRail should negotiate appropriate contractual arrangements with the passenger entity or passenger operator(s) to assure that the costs attributable to the passenger service are borne by the operator(s).

For example, where a line is required for freight service that will not be operated at speeds above 30 to 40 miles an hour, the passenger entity should pay the related additional costs for maintenance of track signalling, structures, etc., to higher standards.

In the case of suburban service, many commuter agencies have purchased or leased all or a significant portion of equipment and facilities used, relieving ConRail of that responsibility. For example, MBTA in Boston has an operating agreement under which Penn Central provides stainless steel coaches to the extent possible for a specified cost per coach per month. In addition, Penn Central agreed to sell to MBTA certain segments of track, retaining an easement to operate freight and Amtrak service over as much of the sold property as is needed. MBTA has the option to purchase additional segments of Penn Central track in Massachusetts and Rhode Island.

In Connecticut, CTA leases from Penn Central those sections of track (plus the power generation and distribution system) over which suburban service to New York is operated. MTA has a similar agreement with Penn Central in New York to lease track and power and has purchased a segment of the old New Haven line from Woodlawn, N.Y. to the Connecticut state line. Similar agreements exist between the commuter authorities and the operating railroad for purchase or lease options for track, power and terminal facilities.

Finally, consideration must be given to those passenger services presently operated by bankrupt carriers which receive no support from area authorities.

Such services operated on rail properties designated by the Final System Plan for transfer to ConRail may be discontinued provided that no state, local or regional transportation authority offers to purchase or subsidize them. They may not be discontinued if precluded by the terms of leases and agreements with such authorities under which financial support was being provided, at the time of the Act's enactment, for the continuance of rail passenger service.

The amount of the subsidy to be offered by the contracting transportation authority should cover the difference between the revenue and the cost of providing the service plus a reasonable return on the value of the rail properties used. An offer of purchase shall be accompanied by an offer of a subsidy which shall be paid until the purchase transaction is completed.

If no entity assumes responsibility for these services, then ConRail is under no obligation to continue them, and the trustees of the bankrupts need only comply with the notice and effective date provision of the Act in order to discontinue services.

Another factor to be considered in implementing passenger service improvements is the method of financing acquisition, improvement of passenger facilities and expense of operations. The Act provides for several

levels of funding which range from operating subsidies to outright acquisition of property. Section 211(a) of the Act provides for USRA loans to Amtrak to achieve the goals in the Final System Plan relating to improvements in passenger services, and Section 601(d)(1) specifically refers to the Northeast Corridor, stating that these loans may be for either lease or purchase by Amtrak of Corridor property.

While the purpose of Section 601(d)(1) is to insure that necessary passenger services are not lost in the course of creating a profitable freight system, funds provided by Section 211(a) must be used for other purposes as well and the use of these funds for acquisition, modernization and improvement of passenger facilities should be minimized. It is USRA's policy that passenger entities should make their own arrangements for financing insofar as possible.

Northeast Corridor Policy Considerations

Because of the nature of rail services in the Northeast Corridor and the special emphasis given to it by Congress, additional specific recommendations must be made for dealing with this complex area in terms of operations, ownership and managerial control.

Passenger and freight traffic coexists satisfactorily from a capacity standpoint everywhere in the Region except in the Northeast Corridor. Congestion is substantial today and promises to get much worse with the expanded development of truly high speed services. Most of the approximately 1,100 trains operating daily on the Penn Central main line between Washington and Boston are passenger trains, either intercity or suburban. The heaviest traffic is between New York and Washington, where heavy freight traffic competes for space on a limited number of tracks with high speed Metroliners, conventional intercity passenger service and frequent suburban operations. Tracks on this congested segment will be increasingly hard-pressed to meet the needs of both the passenger and freight systems. Between New York and Boston the problem is not so serious because alternate freight routes exist in that area on the Penn Central.

In the past, particularly during World War II, the New York-Washington corridor experienced higher volumes of traffic than are now handled. In the last three decades, institutional and operational changes have resulted in a reduction of track capacity. First, and most important, rail freight traffic in the past was not subject to today's intensive level of truck competition, and freight trains could be operated on slower, less precise schedules. Under present-day conditions, shipper demands for more efficient freight service have mandated greater reliability and higher speeds. Second, average passenger train speeds have increased with the introduction of Metroliners. Third, commuter services have increased significantly.

The present situation seriously impinges on freight operations. High-speed Metroliners are operated hourly in both directions between 6 a.m. and 8 p.m., interspersed with conventional passenger trains. South of Wilmington, Del., where the route is largely double-tracked, this pattern of passenger service restricts freight movements even without adding the factor of suburban trains. Should the high-speed service be increased to half-hourly and quarter-hourly frequency, as now projected, for 1982 and 1990 respectively, it will be difficult to operate reliably through freight train services during passenger service hours.

Through freight train services would deteriorate significantly if operations were limited to off-peak passenger periods between 10 p.m. and 6 a.m. Yard congestion would become acute, and a substantial percentage of traffic would be delayed. The quality of freight service today is impaired to some degree by restricting some through freight trains to late night and early morning hours. During September 1974, through scheduled freight trains between New York and Washington averaged a 3.2 hour delay per trip.

Table 19 shows the growth that both passenger and freight services are expected to realize in the next 15 years. Passenger ridership is expected to grow between 159 percent and 282 percent; freight traffic could increase between 35 percent and 100 percent.

TABLE 19.—Northeast Corridor, traffic growth projections

A. PASSENGER TRAFFIC—SELECTED SEGMENTS

[Passenger volumes expressed in thousands]

Market segment	1973 volume	1990 projected volume			
		Low potential	Percent growth	High potential	Percent growth
New York-Boston.....	1,037	5,400	420	9,400	803
New York-Washington.....	6,571	17,000	159	25,100	282
Through New York.....	272	1,300	356	2,300	736
Total corridor.....	7,880	23,700	200	36,800	367

B. FREIGHT VOLUME PROJECTIONS

Commodity group	Percent growth (1973-90)	
	High potential	Low potential
Bulk.....	80	25
Intermodal.....	250	100
General freight.....	130	40
Composite.....	100	35

NOTE: Another study of traffic growth performed by Temple, Barker and Sloane for USRA projects a 30 percent increase in general tonnage for the Region as a whole between 1973 and 1985. This would appear to support Bechtel's low potential estimate for growth through 1990.

Source: Bechtel, Inc. Report to Federal Railroad Administration Sept. 19, 1974.

If train speeds and frequencies desired by Congress are to be approached in the Northeast Corridor, at least

two tracks will have to be devoted exclusively to inter-city passenger services. Although two or more tracks have been upgraded for a speed of 110 m.p.h. for most of the distance between New York and Washington, at present all trackage is used by the various services on a more-or-less random basis as traffic demands.

Consideration has been given to upgrading Northeast Corridor facilities for continued joint freight and passenger operations, but this approach has some major disadvantages. First, constant freight use of tracks over which high-speed passenger trains are operated would require either exorbitant maintenance costs or force a reduction in average passenger speeds lower than desired for the Northeast Corridor. To operate at high speeds with satisfactory passenger comfort, passenger trains must utilize roadbeds which meet strict standards of gauge and alignment. Passenger trains, which have relatively light weights on each wheel, cause less pounding on track than freight trains with heavy wheel loadings. Therefore, as freight train use increases, the track structure tends to deteriorate more rapidly, and either the riding quality becomes less satisfactory or more money must be expended for maintenance.

A second problem is that, given the present state of the art, it is doubtful that freight operations could be conducted with the necessary degree of precision to prevent substantial delays of many high-speed passenger trains. As more trains are operated, the probability of delay would automatically increase. In addition, freight trains are inherently more prone to delay than passenger trains. They tend to be longer and heavier, placing substantially more stress upon mechanical components and making failure more likely. When a failure does occur, correction of the problem is correspondingly more difficult and time-consuming.

More important, however, than the problems created by mixed freight and passenger operations is the consideration that this plan would not solve the problem, only postpone it. If traffic grows as expected, new investment in fixed plant will be necessary since a more extensive program for the separation of passenger and freight traffic ultimately will be required. The fixed plant investment which will have been made for improved freight yards and connections under this alternative will become obsolete.

Working in concert with DOT and various consultants, USRA staff has studied the Northeast Corridor problem at length to determine the best method of providing separate rail facilities for both types of traffic. There are two basic alternatives for solving the congestion problems of the New York-Washington segment. One of the alternatives would utilize the same Penn Central right-of-way for passenger and freight operations on separate tracks. The second alternative would introduce a parallel route for the separation of

passenger and freight traffic. This parallel route would be composed of segments of the B&O, Reading, Central of New Jersey and Lehigh Valley lines. The two alternatives are as follows:

1. *Install additional trackage on the PC right-of-way as necessary to permit separate passenger and freight train operations.* Continuation of both passenger and freight service on the Penn Central right-of-way offers a number of advantages: freight service would remain on the Penn Central with its electrification and superior right-of-way and with proximity of industries and yards to trunk freight routes; separation of passenger and freight tracks would also avoid congestion and reduce the need for tight scheduling, high horsepower to weight ratios on freight trains and a rough ride for passenger trains operating on tracks used by freight.

But the concept is also accompanied by major disadvantages. Foremost is the high expenditure for fixed plant required to implement the project. Widening the right-of-way would be required, which presents formidable problems between Wilmington, Del. and Newark, N.J. There would also be a negative environmental impact for the required widening through large urban areas such as Philadelphia. Even if the environmental objections could be overcome, the cost of fixed-

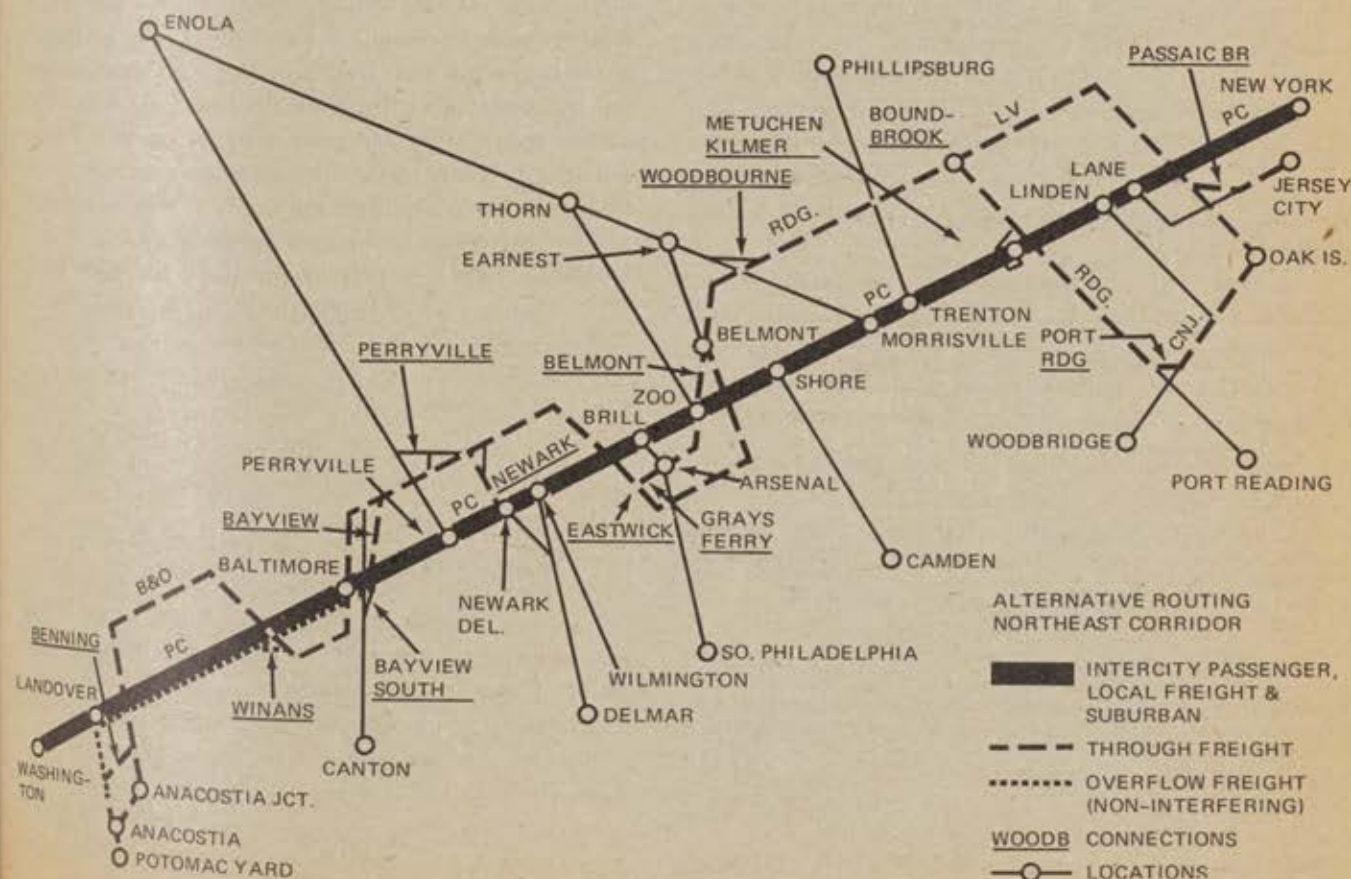
plant improvements for the entire New York-Washington segment is estimated at \$1.2 billion.⁵

Concern has been expressed over passenger safety if high-speed passenger and freight operations are conducted on the same right-of-way. It has been recommended that high-speed passenger and freight trains be separated to avoid the possibility of sideswiping accidents caused by shifting loads, protruding doors, etc., as well as to eliminate the possible risk from freight derailments. That there is a certain risk is not denied, and the potential damage from an accident could be more extensive as speeds are increased. There is, however, no precise evidence available to quantify the risk factor in a meaningful way. Through passenger and freight services always have shared the same trackage, to separate the services on different rights-of-way would remove whatever element of risk does exist.

2. *Remove most of the freight traffic from the PC right-of-way by upgrading parallel routes and providing cross connections to industrial and yard locations.* This solution, shown in Figure 7, would utilize the B&O-RDG-LV route as the main line for freight movement between Washington and Newark, N.J. and the RDG-LV route (through Allentown, Pennsylvania)

⁵ Preliminary estimates furnished by Bechtel, Inc., for the Federal Railroad Administration.

FIGURE 7
ALTERNATE ROUTING FOR NORTHEAST CORRIDOR



for the movement of freight between Harrisburg and Newark. This would free the Penn Central main line for almost exclusive use by Amtrak and suburban operations. The principal exceptions would be local switching of freight cars to and from industries located on the corridor which would continue as at present. The physically separated lines also provide emergency detour possibilities in the event one line is blocked by a serious derailment. The physical separation of trackage provides easier access for track and roadway maintenance which is of considerable importance where rail lines are operating at or near capacity. Dispatching and line supervision functions for freight and passenger can be readily segregated when the lines are physically separated, resulting in fewer conflicts between two essentially disparate enterprises.

The disadvantages of this alternative are that implementation would require the restoration of double track on the Baltimore & Ohio Railroad between Baltimore and Philadelphia, and a number of connections at intermediate points would have to be constructed to provide access to existing Penn Central yards and industries. The fixed-plant improvements required to achieve the basic objectives of this plan are estimated to cost \$300 million.⁶

USRA believes this alternative offers the most reasonable solution for improved passenger and freight operations. It alone can be accomplished with a reasonable fixed-plant investment, and yet it avoids spending large sums to upgrade an existing facility only to have it outlive its economic usefulness in a few years, as is the case with alternative 1. The existing Penn Central route can be released and upgraded for high-speed passenger service, and the parallel route can be upgraded specifically for efficient freight operation thereby accomplishing the maximum practical separation of freight and passenger traffic.

USRA strongly recommends this operating alternative and to this end has entered into discussions with the Chessie System to determine the best institutional and operating structure for use of the B&O line between Washington and Philadelphia.

Northeast Corridor Management and Financing

A number of options for ownership and management of Northeast Corridor facilities have been studied. Some will not fulfill the purpose of providing improved passenger service while allocating full responsibility for freight and passenger costs to the appropriate entities. For example, private sector ownership was rejected because of the magnitude of investments required, the financial uncertainties, and the desirability of pursuing service objectives rather than profit. The history of the Act suggests a legislative interest in Amtrak ownership

or control through lease, or otherwise, of Corridor properties.

Should ConRail retain Corridor properties acquired under the Final System Plan, Amtrak and the various commuter service authorities would pay ConRail on a lease or user-charge basis. Because the property involved would saddle ConRail's capital structure with an unnecessary burden (as the Corridor will not be used as a through freight route) this option was rejected. Furthermore passenger service costs might be hidden in the corridor freight operation to the ultimate detriment of ConRail's function. This left three major options for ownership and management of passenger service in the Corridor: a federal corporation/regional authority, Amtrak, and a fixed plant entity.

Federal Corporation/Regional Authority. This option would place the ownership, management, and operation of the Northeast Corridor under a new federal corporation acting as a regional authority with state participation. This arrangement would be consistent with Section 206(c)(1)(D) of the Act, which states that the Final System Plan shall designate which rail properties may be purchased or leased from ConRail by a state, local or regional transportation authority to meet the needs of commuter and intercity rail passenger service.

Under this option the authority would acquire control of the Northeast Corridor through purchase or lease from ConRail and would assume responsibility for train operations, control functions now performed by Penn Central, management of needed construction and for maintenance of way programs. Acquisition and maintenance of passenger rolling stock would fall to the organization responsible for providing the service. After a period of federal control and supervision of the authority's activities, individual Corridor states could gradually assume an owning and controlling role. Ultimately, a Board of Directors composed of representatives of the U.S. Treasury, the U.S. Department of Transportation, Amtrak and the Corridor states would oversee the authority.

Corridor states' incentives to join the authority would include control of the Corridor and influence over the timing and extent of improvements, improved connectivity and coordination with other public transportation services, and participation in long range management of the Northeast Corridor.

Penn Central properties which are primarily commuter related could be included with intercity properties. The inclusion offers the advantage of establishing a single entity responsible for all Northeast Corridor functions, with passenger service as its primary objective. However, each state would continue to collect revenues and subsidize its own commuter services and would be billed by the authority for actual costs incurred. Amtrak and ConRail would contract with the authority

⁶ Preliminary estimates furnished by Bechtel, Inc., for the Federal Railroad Administration.

for intercity passenger and local freight services and/or operating rights with charges based on an allocation of costs.

Amtrak. The Northeast Corridor is a major Amtrak revenue source at present. Amtrak ownership would provide the most direct channel to upgrading the Corridor because Amtrak is an existing organization and has a source of federal funds.

Amtrak acquisition of the Northeast Corridor is provided for as an alternative under Section 601(d) of the Regional Rail Reorganization Act. This option provides for Amtrak to own the right-of-way, (except the portions owned by MTA/CTA/MBTA and similar local or regional organizations). Amtrak would assume responsibility for control functions and provision of train services but could, if desired, contract with ConRail for this work. A separate Northeast Corridor Division might be established within Amtrak to maintain right-of-way and Amtrak rolling stock and manage needed construction. Commuter requirements could be contracted with either Amtrak or ConRail. An independent review board might be established to resolve operational disputes, provide a forum for local participation, and to arbitrate changes in agreements.

Amtrak would acquire the Northeast Corridor from ConRail concurrent with conveyance to ConRail of the Corridor. The transportation and maintenance of way functions could be assumed by ConRail at conveyance to ease the integration of activities between the Corridor and the rest of the Region. This also would provide flexibility in assigning ConRail personnel and is consistent with the relationship on the rest of the Amtrak routes.

Fixed plant entity. This proposal envisions a facilities

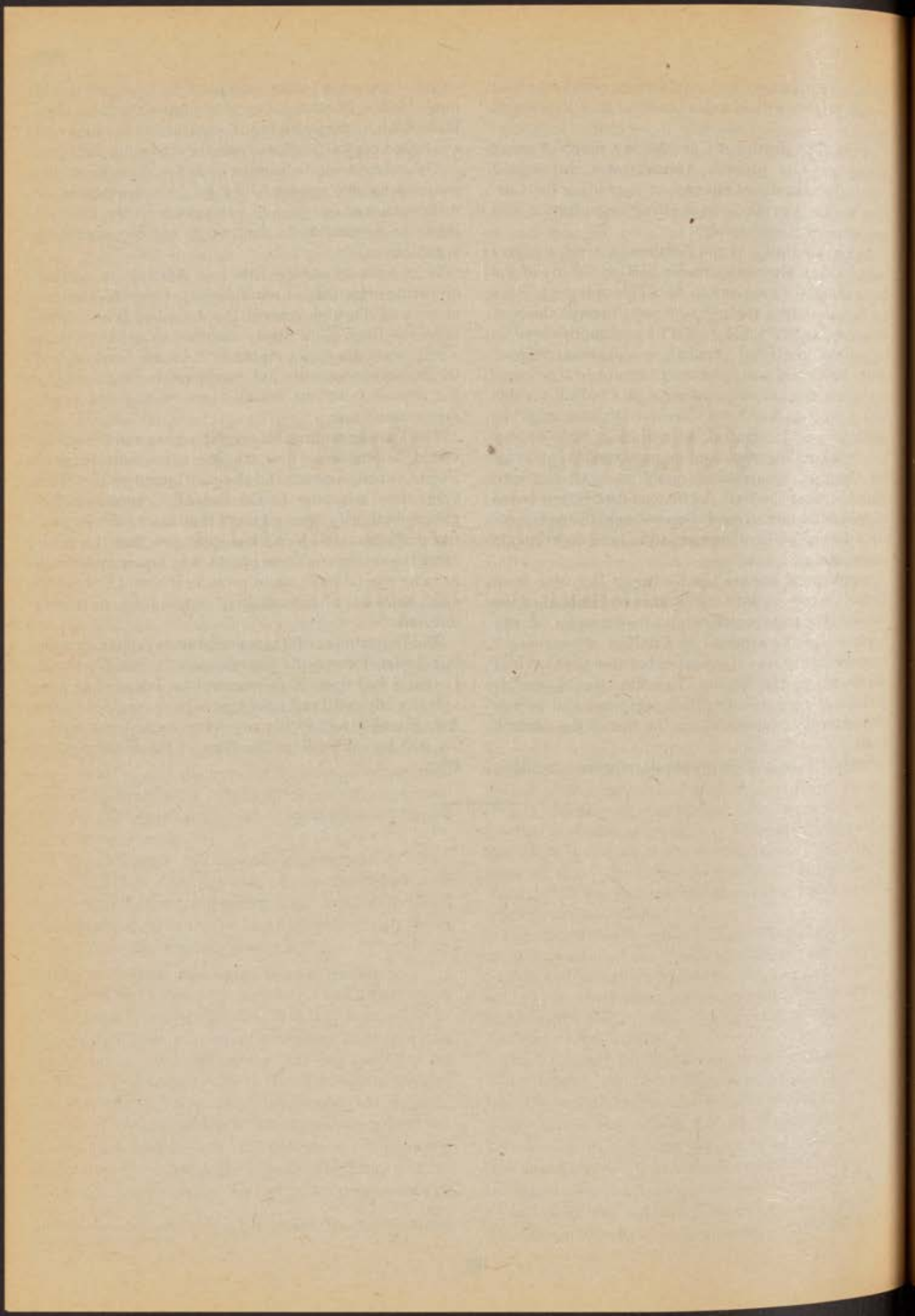
corporation or a separate fixed plant entity which would purchase the Northeast Corridor properties from ConRail. Such a proposal would separate ownership and associated capital burdens from the operating function.

The entity could be passive or active. In neither case would it assume responsibility for train operations, or maintenance of equipment. As a passive owner, it would lease the properties to Amtrak or another operating organization.

If it were to assume this role Amtrak or another operating organization would be responsible for maintenance and dispatch control. As described below, however, the fixed plant entity assumes an active role. It would lease operating rights to Amtrak, ConRail and the commuter agencies but would retain responsibility for control functions, maintenance of way and necessary construction.

The lease agreement between the users and the entity would be similar to the existing agreements between Penn Central, Amtrak and the commuter agencies. This alternative is similar to the Federal Corporation/Regional Authority option except that the fixed plant entity performs no on-board transportation functions. Because the entity would not operate any trains and would have no special interests to protect; it would be neutral and capable of reconciling conflicting operating interests.

The Department of Transportation is preparing a detailed plan for specific improvements to the Northeast Corridor and these improvements are intended to provide the improved rail passenger service required by the Act. Specific engineering requirements and cost analyses will be available at the time of the Final System Plan.



VOLUME I—PART 3

**Financial Assessment of the
Preliminary System Plan**

VOLUME I - PART 3

Preliminary System Plan
Financial Assessment of the

14

Financial Analysis of the Preliminary System Plan

The creation in the Region of a financially self-sustaining system operated by a private corporation (ConRail) is mandated by the Regional Rail Reorganization Act of 1973. The Act also contemplates that creditors of the bankrupt estates will be compensated for the properties conveyed to ConRail through stock and other securities in the new corporation. ConRail's projected and actual performance will determine the ultimate value of these securities.

The central concern in Congressional hearings, the courts and proceedings before the Interstate Commerce Commission has been the ability of ConRail to create a fair value for the securities issued to the creditors of the bankrupts in exchange for the assets acquired.

This chapter presents the Association's financial projections (or pro formas) for ConRail from 1976 to 1985 on an accounting basis consistent with other railroads (except for track rehabilitation, which has been capitalized and not depreciated).

In preparing the pro formas, the Association used sound historical and empirical data to project a reliable estimate of ConRail's revenues and expenses. A myriad of complex assumptions were considered in

detail, including alternative sources of federal and non-federal financing, traffic growth potential, the impact of inflation, management capabilities, accounting policies and the relationship between rehabilitation and operating performance.

Although the projections call for ConRail to achieve sizeable operational economies, experience positive market growth and thus attain profit margins equivalent to industry averages, the cost of carrying debt incurred in upgrading the facilities reduces these gains, and the uncertain future of the economy demands caution in reviewing the precise accuracy of the estimates.

The question of whether a financially self-sustaining system can be achieved is central to every decision made by the Association, the Interstate Commerce Commission, Congress and the courts. Consequently, the development of the pro forma projections received the Association's careful attention, with much effort given to designing the best approach to the preparation of the pro forma financial projections.

The first section of this chapter presents the results of the pro forma projections and compares projected results of ConRail with expense ratios of other railroads. The second section describes the methodology used to derive the projections. As explained in earlier chapters, the pro forma statements included in this Preliminary System Plan should be viewed as tentative and subject to revision for the Final System Plan.

FINANCIAL PROJECTIONS

Using the methods described in the second half of this chapter, income statements, balance sheets and statements of required financing were prepared for ConRail both on an uninflated and inflated basis. With the economy in its present state of flux, however, the Association is studying the manner in which the projections should be adjusted for inflation. So that the potential effect that inflation might have on ConRail's funding requirements can be appreciated, an inflated balance sheet is presented with the set of uninflated pro forma statements (Tables 8-11).

The Association projects that ConRail's earnings in 1973 dollars will improve from a net loss of \$91.4 million in 1976 to a net profit of \$381.7 million by 1985. It is expected that ConRail will break even and begin earning a positive net income by the third year (1978).

Such an improvement in net income represents a dramatic turn-around in view of recent trends in the Northeast's railroads, and the present state of the U.S. economy compounds the uncertainties of the future and suggests some caution in reviewing the precise accuracy

of the forecasts. Yet, the improvement should be possible because ConRail is not intended to be a composite of the bankrupt carriers but a revitalized, restructured railroad serving the same territory now served by the bankrupt carriers. The opportunity to repair and rehabilitate track and facilities, acquire new equipment, implement modern technical developments and consolidate the operating organizations, yards and facilities of six railroads is unique in the railroad industry.

All of the financial information and projections contained in this chapter reflect the industry structure referred to as ConRail I, which is discussed in Chapter 3. This railroad configuration does not contain the Erie Lackawanna, which requested to be included in USRA's planning process in mid-January, 1975. Because of the late timing of this request, detailed operating expenses, revenues and related financial projections could not be developed for a system that includes the Erie Lackawanna within the time allowed for the Preliminary System Plan. The examination made to date of such a ConRail system indicates that only a modest difference in net income relative to the ConRail I alternative should result. The financial projections contained herein can therefore be viewed as representative of the rail system structure identified as the preferred structure in Chapter 3.

Cause of Change Analysis

The 1973 consolidated loss of the bankrupt carriers was \$221 million. The difference between this loss and the Association's projections of ConRail's net income on an uninflated basis represents the annual projected improvement in net income. To evaluate the reasonableness of ConRail's improved earnings, the Association prepared a "Cause of Change Analysis" to reconcile projected income with historical income (Tables 1 and 2). The variety of factors responsible for the favorable change can be traced by reviewing the individual cap-

TABLE 1.—ConRail, Cause of change analysis, derivation of increase in revenues, due to changes in volume/mix and other factors

[Millions of dollars, 1973 base]

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total gain in operating revenues (to Table 2).....	\$46.7	\$229.1	\$185.8	\$224.0	\$257.8	\$290.0	\$318.6	\$357.9	\$398.2	\$440.5
Gain not related to volume:										
Selective rate increases.....	6.7	63.5	63.5	63.7	64.4	64.4	64.4	64.4	64.4	64.4
Light line subsidy.....	27.7	27.7	0	0	0	0	0	0	0	0
Passenger deficit recovery.....	55.0	51.9	48.9	45.8	44.8	41.5	31.8	31.8	31.8	31.8
Other operating revenue.....	11.8	(14.6)	(14.9)	(16.4)	(17.6)	(19.0)	(20.2)	(20.2)	(20.2)	(20.2)
Total.....	101.2	128.5	97.5	93.1	91.6	86.9	76.0	76.0	76.0	76.0
Revenue increase due to volume/mix.....	(54.5)	100.6	88.3	130.9	166.2	203.1	242.6	281.9	322.2	364.5
Total gain in operating revenues.....	\$46.7	\$229.1	\$185.8	\$224.0	\$257.8	\$290.0	\$318.6	\$357.9	\$398.2	\$440.5

NOTE.—All amounts show increase or (decrease).

TABLE 2.—ConRail, Cause of change analysis, reconciliation of ConRail income statement with bankrupt carriers (1973 dollars)

[Millions of dollars, 1973 base]

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Comparison of net income:										
1976-85 period (as projected for ConRail).....	\$(91.4)	\$(27.4)	\$31.8	\$135.2	\$160.8	\$218.1	\$253.0	\$288.9	\$348.7	\$381.7
1973—as experienced by bankrupt carriers.....	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)	(221.0)
Difference.....	\$129.6	\$193.6	\$252.8	\$356.2	\$381.8	\$439.1	\$474.0	\$509.9	\$569.7	\$602.7
Cause of change:										
Total operating revenue increase (from Table 1).....	46.7	229.1	185.8	224.0	257.8	290.0	318.6	357.9	398.2	440.5
Operating expenses:										
Total maintenance of way.....	22.8	(22.5)	20.4	18.9	18.6	16.8	15.9	10.3	6.7	5.5
Maintenance of equipment.....	(7.5)	(13.4)	(7.5)	(15.0)	(21.7)	(22.3)	(23.9)	(32.6)	(35.1)	(36.9)
Transportation.....	(5.9)	(44.8)	(19.6)	(6.1)	5.9	13.8	22.2	25.7	27.8	27.3
General, administrative and other.....	(22.2)	(20.1)	(17.9)	(16.0)	(14.5)	(12.9)	(13.0)	(12.7)	(12.8)	(13.0)
Total operating expenses.....	(12.8)	(100.8)	(24.6)	(18.2)	(11.7)	(4.6)	1.2	(9.3)	(13.4)	(17.1)
Net car hire paid.....	28.5	13.7	48.0	114.3	101.9	113.3	108.4	98.9	103.4	79.8
Payroll taxes.....	(4.3)	(6.0)	(0.9)	0.8	2.5	2.5	2.5	6.0	7.7	7.7
Property taxes.....	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Income tax credits ¹	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)
Other rents, interest and miscellaneous income and expenses ¹	(34.8)	(32.8)	(30.9)	(30.8)	(30.7)	(23.8)	(20.3)	(8.8)	8.4	26.1
Interest expense:										
Debentured interest ¹	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5
Federal notes.....	(19.4)	(38.2)	(54.4)	(63.4)	(67.0)	(66.5)	(64.0)	(61.5)	(59.0)	(56.5)
Equipment and miscellaneous interest.....	14.4	17.3	18.5	18.2	17.7	16.9	16.3	15.4	13.1	10.9
Leased line payments ¹	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Total other.....	95.7	65.3	91.6	150.4	135.7	153.7	154.2	161.3	184.9	179.3
Total difference.....	\$129.6	\$193.6	\$252.8	\$356.2	\$381.8	\$439.1	\$474.0	\$509.9	\$569.7	\$602.7

¹ Changes primarily due to reorganization and restructuring of bankrupt roads.

NOTE.—All amounts show increase or (decrease) net income, i.e., positive values increase net income and negative values () decrease income.

tions in the "Cause of Change Analysis." A discussion of the more significant factors follows.

Revenues

By 1985, total operating revenues are anticipated to increase some \$440 million over the consolidated 1973 level of the bankrupt carriers. The majority of the gain from 1976 is due to increased freight revenues, approximating \$364 million in 1985. The gain includes \$50 million by 1985 as a result of diversion. These diversions

result from ConRail's ability to pick up direct routings from originations now interchanged with other railroads.

Other sources of revenue gains are not related to volume growth. These sources are:

Selective rate increases amount to nearly \$65 million by 1985. Both freight rate increases and switching service charges are included. Freight rates increase \$56 million and switching \$9 million. The freight rates increases reflect the results of a program to selectively increase tariff rates on non-compensatory movements.

Light density line subsidy to ConRail is estimated at \$28 million¹ in 1976 and 1977. This amount assumes that ConRail will receive subsidies on a fully allocated cost basis for operating lines otherwise scheduled to be abandoned. A fair return on investment was not incorporated into the calculation as the Association does not anticipate that ConRail will assume ownership of these light density lines. To reflect the abandonment after 1977 of these lines unable to cover their costs of operations, operating expenses were reduced by \$106 million and revenues by \$78 million from 1978 through 1985, in the pro formas.

Passenger deficit recovery represents the amount of direct subsidy required of Amtrak and the regional commuter authorities to more fully compensate ConRail for operating these passenger services. A fair return on investment was not incorporated into the deficit as the Association did not find it possible at the time of this writing to determine the underlying value of the subject passenger assets, or to set its final strategy regarding conveyance of passenger properties.

Each regional passenger contract was analyzed separately, and the results were then aggregated to ascertain the total amount of subsidy ConRail should receive for passenger service at 1973 operating levels. Costs were developed on a long-term, fully-allocated cost basis similar to the recently negotiated, but not implemented, Amtrak contract with the Penn Central.

Revenues were based on the amount of conductor and agent receipts and subsidy payments actually received by the carriers in 1973. The total annual costs and revenues were then adjusted to reflect the gradual declining usage and reimbursement for maintenance expenses of the Northeast Corridor by ConRail as indicated by the deficit repayment decline to \$32 million by 1985. To implement the assumption of full cost reimbursement, ConRail will have to negotiate a revision to most of the existing contracts with the passenger authorities.

Other operating revenue includes mail, joint facility, switching and demurrage revenues and passenger subsidy reimbursements projected on a declining basis consistent with the gradual removal of ConRail's operations from the Northeast Corridor.

Expenses

Maintenance-of-way expenses reflect the outlay required to maintain ConRail's road and structure facilities at a level consistent with design specifications. Initially, the amount of maintenance-of-way expenses is less than that incurred by the bankrupts due to the rationalization of the system size and the adoption of

modified betterment accounting which capitalizes the substantial expenditures for maintenance-of-way rehabilitation instead of expensing them. On a road mile basis, however, ConRail will incur maintenance-of-way expenses some 60 percent greater over the 10-year period than the bankrupt railroads realized in 1973.

Maintenance of Equipment expenses are slightly greater in 1976 and approximately 9 percent greater by 1985 than the consolidated level reported by the bankrupt carriers in 1973. The increased costs result from the extensive repair program developed for ConRail to reduce the high bad-order ratio of the bankrupt carriers. The bad-order ratio is 10.7 percent currently; proper fleet maintenance should produce a ratio of approximately 5 percent.

Transportation expenses are approximately equal in 1973 and 1976. By 1985, they are projected to show a 21½ percent improvement over 1973. Since ConRail's largest operating expense category is the Transportation Account, however, this improvement represents savings of \$27.3 million over the 1973 level despite an increase in traffic handled. The gradual decrease in transportation expenses occurs from the implementation of improved car handling procedures and systems, merger effects and the impact of rehabilitation of facilities.

Net car hire paid is composed of net per diem and mileage payments and car leases. Over the planning period, this account is anticipated to decrease \$28.5 million in 1976 and \$80 million by 1985 relative to the level of the consolidated bankrupt carriers in 1973. The favorable change principally results from use of an improved car distribution management system, the impact of rehabilitation on transit speeds and the assumption that ConRail will acquire cars through purchase rather than lease, reducing the amount of lease payments over time.

Other rents, interest and miscellaneous income and expenses are initially projected to be higher than they were in 1973 because ConRail will not have the opportunity to offset the expenses with income from nonoperating real estate properties. This initial loss of miscellaneous income is diminished in later years as income is generated from ConRail's short-term investments. The build-up of short-term investments is not significant, however, when inflation is taken into account.

Defaulted interest is \$84.5 million less than was incurred by the bankrupts since ConRail will not be assuming the bankrupt carriers' outstanding debt currently in default.

Interest expense for federal notes is naturally higher than in 1973 since the bankrupt carriers had no such debt. Its level is dependent upon the annual amount of debt ConRail needs to cover the short fall between internally generated funds and total financing requirements.

¹ The subsidy required to operate these lines on a long-term basis would naturally be greater. The \$28 million subsidy in the pro formas does not include a rate of return factor, a rehabilitation program nor a higher level of normal maintenance. In calculating the amount of subsidy needed to operate these lines over a long period, such costs would have to be included.

Equipment interest.—The initial decline in equipment interest over 1973 reflects the assumed inability of ConRail to acquire new equipment by traditional financing. As ConRail acquires new equipment from the private markets, this difference gradually declines.

Leased line payments are \$30.9 million less than was incurred by the bankrupts in 1973 since it was assumed that the underlying assets, rather than the leases themselves, would be conveyed to ConRail. This assumption was made for the purposes of preparing the pro forma projections. It may be more appropriate for ConRail to affirm the existing leases and/or acquire stock ownership of the leased lines. The choice among these alternative acquisition methods will be made on a lease-by-lease basis prior to completion of the Final System Plan.

Ratio Analysis

Having traced the sources of improvement, ratio analyses were prepared, comparing key operating and financial ratios to other railroads to test whether the results of these improvements were reasonable.

Examination of specific ratios of expense to revenue indicates that a continuing favorable trend in overall operating results is forecast. Following the initial 2 years of ConRail's corporate life, during which large non-recurring "start-up" expenses will accrue, the operating ratios (total railway operating expenses divided by total railway operating revenues) should descend below those of Penn Central and the bankrupt carriers combined, in 1973.

Likewise, each of the major expense categories, viz., Maintenance-of-Way and Structures, Maintenance of Equipment, Transportation, and General Administrative and Other, indicates a definitive downward trend resulting, of course, in an increasingly larger net income available for taxes, rents and fixed charges.

Although ConRail will be undeniably unique in terms of size of plant, complexity of traffic patterns, and source of financing, the interconnective nature of all railroads operating within the economic environment of the northeastern quadrant of the Nation mandates that it must adapt itself to the competitive climate into which it will emerge. To the extent that ConRail participates in the provision of transportation services in its geographical territory, both its revenues and expenses must bear reasonable relationships to those of the solvent carriers in the same Region and to other carriers in the industry.

Tables 3 and 4 show selected operating ratios for ConRail's first ten years and for selected Class I railroads operating in all sections of the Nation in 1973. While ConRail's operating ratio in its initial year is higher than that for any of the other railroads shown, by the close of the decade it is lower than the 1973 ratio for all the other railroads with the exception of the South-

ern Railway System. Even though the comparable accounting procedures were used in deriving these statistics, the comparison is not completely valid since ConRail's Maintenance-of-Way expense accounting varies somewhat from those of other roads.

As a new railroad, ConRail's Maintenance-of-Way expenses will contain depreciation on only 10 years of depreciable property additions by 1985, whereas the ongoing carriers' accounts would generally contain depreciation on approximately 35 years of accumulated depreciable property additions. An adjustment for this "bias" would move ConRail's Maintenance-of-Way ratio relative to that of the Southern Railway System by 2 percentage points thereby raising ConRail's operating ratio to 73.7 percent.

In the category of transportation expenses, which include the operation of road trains, yards and stations, ConRail is initially compared unfavorably with the other railroads, but by the end of the planning period surpasses some of the Class I railroads and is closing the gap with respect to the others. Achievement of this improvement is not unrealistic given the productivity gains expected to arise from the sizable rehabilitation program and the innovative operating and marketing policies expected to be implemented by ConRail management.

Effect of Inflation

The uninflated financial statements are expressed in constant 1973 dollars to dramatize the cost and benefits associated with the rehabilitation, consolidation and restructuring of the bankrupt carriers and to more effectively evaluate the planning decisions made, excluding the effect of inflation. With the country's economy experiencing double digit inflation, however, it would be naive to ignore the effects inflation may have on the pro forma projections. The prices of fuel, rail, cross ties, wages and other railroad expenses have risen rapidly over the last few years.

To demonstrate the severity and magnitude of the impact inflation could have on ConRail's future performance, the Association prepared an inflation version of ConRail's projections. Estimates of the annual inflationary increases in equipment and specific ordinary operating expenses were made by Chase Econometric Associates and incorporated into the analysis. The assumptions entitled Economic Outlook, appear in the box.

Railroad industry absorption of these increases without passing them on to shippers in the form of higher rates would be unrealistic. It was assumed, therefore, that freight rate increases sufficient to offset inflationary increases in operating expenses would be granted, and there would be no loss of volume due to the higher rates. Rate relief was calculated without the effects of a regulatory time lag, even though the carriers often experienced such lags in the past.

TABLE 3.—Operating ratio and components¹ for ConRail

ConRail I (4)—1973 dollars	Six bankrupts 1973	PCTC 1973	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Operating expenses/railway operating revenues.....	0.833	0.827	0.896	0.851	0.823	0.807	0.793	0.773	0.754	0.742	0.727	0.717
Maintenance of way/railway operating revenues.....	.131	.130	.164	.158	.142	.140	.138	.132	.125	.120	.115	.114
Maintenance of equipment/railway operating revenues.....	.169	.167	.175	.164	.163	.163	.163	.161	.160	.160	.159	.157
Transportation expense/railway operating revenues.....	.470	.470	.481	.460	.451	.438	.427	.418	.408	.400	.393	.387
General, administrative and other expense/railway operating revenue.....	.063	.060	.076	.069	0.067	.066	.065	.063	.061	.062	.060	.059

¹ Revenues and expenses for ConRail and other railroads were computed using accounting rules comparable to those being used by industry in 1973. In addition to adjustments made to transform ConRail from a modified betterment to an ICC betterment accounting method, other adjustments were made to reflect revenues and expenses on a basis comparable with other railroads with respect to light line subsidies,

Amtrak remuneration, and recoveries of passenger deficits not currently being reimbursed.

² See text on page 10 for discussion of the comparability of these numbers.

Source: Railroads' Annual Reports to the ICC.

TABLE 4.—Operating ratio and components¹ for Class I railroads, 1973

Selected Class I railroads—1973 dollars	ATSF	Chesdie ²	BN	MILW	ICG	N&W	PCTC	SOU ²	SP ²	SCL	UP ²
Operating expense/railway operating revenues.....	0.791	0.748	0.826	0.803	0.752	0.725	0.827	0.714	0.770	0.788	0.741
Maintenance of way/railway operating revenues.....	.156	.120	.163	.166	.138	.117	.130	.162	.122	.142	.130
Maintenance of equipment/railway operating revenues.....	.186	.159	.167	.140	.155	.179	.167	.176	.186	.183	.179
Transportation expense/railway operating revenues.....	.381	.382	.415	.415	.381	.359	.470	.310	.392	.364	.401
General, administrative, and other expense/railway operating revenue.....	.068	.085	.081	.082	.078	.070	.060	.066	.071	.059	.073

¹ Revenues and expenses for ConRail and other railroads were computed using accounting rules comparable to those being used by industry in 1973. In addition to adjustments made to transform ConRail from a modified betterment to an ICC betterment accounting method, other adjustments were made to reflect revenues and expenses on a basis

comparable with other railroads with respect to light line subsidies, Amtrak remuneration, and recoveries of passenger deficits not currently being reimbursed.

² Consolidated companies.

Source: Railroads' Annual Reports to the ICC.

The amount of rate relief forecast for ConRail under these assumptions was still insufficient to shield ConRail's net income from the impact of inflation. By 1985, ConRail's net income under the inflation projection is \$166.8 million lower than its net income under the constant dollar projection.

The reason is that the ICC's rate policies have not allowed full recoupment of investment costs. Consequently, as the cost of capital expenditures rises due to inflation, ConRail must borrow more money to cover the increase. This borrowing need naturally increases the amount of interest expense deducted from net operating income, hence the difference between the uninflated and inflated income statements. The annual effects of inflation on ConRail's income statement are shown in Table 5.

The effect of inflation on ConRail's balance sheet is even more pronounced. The inflationary increases in capital expenditures for both road and equipment, significantly raise ConRail's funding requirements. The total amount of external financing outstanding by 1985 is \$3.5 billion, a net increase of \$2.4 billion over the uninflated projections. The \$2.4 billion is net of the \$3 billion of additional debt incurred to meet the higher principal payments which fall due under the inflation scenario than which fall due under the constant-dollar scenario.

The annual effect inflation would have on ConRail's Balance Sheet is depicted in Table 6. The most noticeable cumulative changes due to inflation are that net property additions increase \$2.6 billion, interest and

TABLE 5.—The effects of inflation on ConRail net income, 1976–85 (years ended Dec. 31)

[Dollar amounts in thousands]

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net income (loss) uninflated (1973 dollars).....	\$(91,425)	\$(27,403)	\$31,780	\$135,224	\$160,787	\$218,002	\$253,010	\$288,869	\$348,666	\$381,736
Increase in operating expenses due to inflation.....	(979,270)	(1,321,133)	(1,575,434)	(1,848,643)	(2,117,364)	(2,375,835)	(2,655,488)	(2,963,176)	(3,272,535)	(3,628,137)
Offsetting increase in rates.....	979,270	1,321,133	1,575,434	1,848,643	2,117,364	2,375,835	2,655,488	2,963,176	3,272,535	3,628,137
Increase in interest expense on inflated investments.....	(2,591)	(10,099)	(21,364)	(36,186)	(54,260)	(75,685)	(97,233)	(119,674)	(144,065)	(166,812)
Net income, (loss) inflated basis.....	\$(94,016)	\$(37,502)	\$10,416	\$99,038	\$106,527	\$142,407	\$155,777	\$160,195	\$204,571	\$234,034

debt repayment grow \$1.1 billion, and a drop in temporary cash investment decreases working capital by \$0.5 billion.

Moreover, while the uninflated projections call for ConRail to stop borrowing federally funded debt in 1981, the inflated projections show that ConRail is still borrowing at the end of the 10-year period. To ascertain when the need for additional funds would cease, projections were made for the years from 1985 to 1995, assuming no further inflation after 1985.

Under this assumption, ConRail's need for additional federal funding would not cease until after 1990. It is possible, however, that private sector financing could take the place of federal funding in the later years if the planned results are attained in the early years.

The Association is still reviewing and refining assumptions used to develop the inflated projections. Of primary concern to the Association is the assumption regarding freight rate increases. As related above, the rate increases were calculated to compensate ConRail for the total dollars necessary to offset the inflationary increase in ordinary expenses.

However, in light of the ICC's recent suspension of the Class I rail carriers' proposal for a 7 percent increase, ex parte 310, the automatic, non-regulatory lag rate increase action projected for ConRail could be considered unrealistic. To the extent the ICC does grant rate increases in 1975 equivalent to the real dollar cost of inflation, ConRail should not have to apply for "catch up" rate relief in future years.

Although the general symptoms of inflation affect all business, not all companies can attain large infusions of general rate relief to compensate for their increased

costs. The ability of a company to pass inflationary costs on to its customers primarily depends on its competitive market position. The concept that railroads will be able to pass through all inflationary costs presumes that other competitive transportation modes will have similar increases.

Yet shippers are not simply concerned with transportation cost but total distribution costs, and have been historically innovative and creative in reducing the transportation cost ingredient in their total unit product cost, through redefined material distribution, rationalized warehousing and adjusted manufacturing processes. Historically, general rail rate increases have been succeeded by some diversion by shippers of high rated commodities, which has a more dramatic effect on the net income than it does on traffic volume or revenue.

Funding Requirements and Sources

Despite the problems involved in forecasting the effect of inflation, the level of funding required by ConRail in the inflated projections is so much greater than in the uninflated projections that any discussion as to how the financing need can be met should be based on an evaluation of the inflated requirements. The inflated pro forma projections project that total liabilities, exclusive of payment by ConRail for assets conveyed by the estates, reach a peak in 1985 at \$5.3 billion. Of this amount approximately \$3 billion will consist of federal notes and \$500 million will consist of equipment obligations. The Association expects ConRail's needs to be met through a combination of private and government funds, although the precise mix cannot yet be deter-

TABLE 6.—Analysis of increase (decrease) in ConRail financing requirements due to inflation (years ended Dec. 31)

(Dollar amounts in thousands)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	Cumulative
Change in financing requirements caused by an increase (decrease) in the following:											
Net income before fixed charges.....											
Depreciation.....	\$(566)	\$(2,925)	\$(6,279)	\$(9,838)	\$(13,433)	\$(16,904)	\$(20,269)	\$(24,341)	\$(29,867)	\$(35,825)	\$(160,247)
Cash from operations before fixed charges.....	(566)	(2,925)	(6,279)	(9,838)	(13,433)	(16,904)	(20,269)	(24,341)	(29,867)	(35,825)	(160,247)
Equipment interest.....			674	2,169	3,818	5,513	6,867	8,682	11,521	14,485	53,729
Federal notes interest.....	2,591	10,099	20,690	34,017	50,442	70,172	90,366	110,992	132,574	153,327	674,270
Cash from operations after fixed charges.....	2,025	7,174	15,085	26,348	40,827	58,781	76,964	95,333	114,228	130,987	567,752
Real property additions, net of salvage.....	81,685	110,512	152,187	171,407	206,460	245,335	237,040	305,619	313,202	322,369	2,145,816
Equipment additions, net of retirements.....	10,521	44,139	35,000	46,211	31,858	37,607	24,388	53,558	61,847	62,130	407,259
Repayment of debt.....		2,366	6,755	13,055	21,797	32,166	45,004	55,923	70,494	84,552	332,112
Current assets and liabilities, net.....	(2,080)	(543)	(5,011)	(2,355)	103	(5,672)	(61,103)	(100,674)	(172,025)	(223,000)	(572,360)
Other changes, net.....	(21,161)	(31,989)	(32,537)	(15,508)	(15,434)	(11,361)	(14,257)	(15,444)	(15,472)	(18,353)	(191,516)
Additional financing required as a result of inflation.....	\$70,990	\$131,659	\$171,479	\$239,158	\$285,611	\$356,856	\$308,036	\$394,315	\$372,274	\$358,685	\$2,689,063
Source for additional financing:											
Equipment notes.....			17,500	23,106	25,486	28,268	19,512	42,848	49,478	49,706	255,904
Federal notes.....	70,990	131,659	153,979	216,052	260,125	328,588	288,524	351,467	322,796	308,979	2,433,159
Total additional financing required.....	\$70,990	\$131,659	\$171,479	\$239,158	\$285,611	\$356,856	\$308,036	\$394,315	\$372,274	\$358,685	\$2,689,063

mined. This section examines the nature of ConRail's funding requirements and discusses some of the potential sources for meeting them. Because the Association assumes that necessary funds will initially be difficult to obtain from the private sector, it is further assumed that federal financing will be the principal source of such funds. Therefore, the term used for external funds throughout the report, regardless of source is "federal notes."

Current Liabilities.—The inflated balance sheet shows that the current ratio (current assets divided by current liabilities) is 1.03:1 in 1976 and only 0.94:1 in 1985. This analysis indicates that ConRail will need a slightly higher level of working capital and more cash and cash equivalents than was assumed in the \$100 million cash balance in the pro forma projections to have a working

capital position consistent with the average of Class I railroads in the U.S. for 1973. To do so, current assets would have to be 104 percent of current liabilities, including debt due within 1 year.² This would necessitate adding to the cash and temporary investment account \$6.3 million in 1976, \$55.5 million in 1980 and \$149.9 million in 1985. The additional need could be met with an increase in long-term debt or capital.

Equipment Financing.—ConRail's new equipment requirements will be substantial. Preliminary estimates, which will be refined as the planning proceeds, call for expenditures for new locomotives and rolling stock to average \$102.3 million per year through 1980. In addi-

² Association of American Railroads, *Statistics of Railroads of Class I in the U.S.*, August 1974.

THE ECONOMIC OUTLOOK TO 1985

The total economic outlook for the year 1975, as measured by real GNP, is expected to be slightly better than 1974, although significant improvements are not projected until the end of the second quarter of 1975. Real GNP is then expected to rise modestly as a result of higher new car sales, housing starts, higher levels of inventory investments and increased stability in world oil prices. An anticipated decline in food prices is expected to reduce inflation to less than 7 percent by the end of 1975.

The Federal Reserve near-term monetary policy is expected to be one of restricted money supply even when the economy shows slight positive results. Short-term interest rates should remain relatively high. Plant and equipment investments are expected to grow dramatically in response to consumer demand characteristic of the positive growth economy, but profits are expected to remain at current depressed levels, forcing

firms to continue borrowing heavily in the debt market. The high long-term bond interest rate experienced in 1974 is thus expected to be maintained for the next few years.

The period 1976 to 1978 is expected to benefit greatly from the economic turnaround of 1975 with a sustained moderate growth rate of 5 percent. It is also felt that the significant real growth of 1975 through 1978 will result in over-capacity for industry in the United States with consequential slowdown of the economy in 1979. The slowdown is anticipated to last only a year, however, with the economy returning to an equilibrium growth rate of 4 to 5 percent. Assuming that the 1979 slowdown remains at a moderate level, the rate of inflation for GNP will average 5 percent and real growth will remain at a 4 percent annual rate. These rates are expected to continue to 1985.

LONG-TERM FORECASTS

	Macro economic indicators		Railroad economic indicators				
	Real growth GNP in 1958 dollars	Inflation as measured by consumer price index	Price index of railroad materials (General supplies, machinery, and equipment)		Labor wages ¹	Long-term government bond rate	Equipment trust certificate rate
	Annual percent change	Annual percent change	Annual percent change	Cumulative	Annual percent change		
1973	5.9	6.2		100.0		6.3	7.4
1974	-1.8	11.4	13.8	113.8	5.2	7.4	8.1
1975	-0.6	10.4	17.8	134.0	11.3	7.3	8.5
1976	5.3	7.0	5.0	140.7	9.4	7.3	10.1
1977	5.7	7.1	5.7	148.7	8.3	7.6	10.4
1978	3.9	6.1	5.2	156.4	10.3	7.7	8.9
1979	3.5	5.3	4.3	163.1	9.4	7.5	8.9
1980	4.4	4.9	4.4	170.2	7.2	7.3	8.6
1981	4.7	4.8	4.3	177.5	6.6	7.3	8.4
1982	4.4	4.9	4.6	185.6	6.5	7.4	8.2
1983	3.5	5.0	4.0	193.1	6.2	7.5	7.9
1984	3.5	4.9	3.9	200.7	6.0	7.7	7.9
1985	4.0	4.8	3.5	207.8	6.0	7.9	

¹ Adjusted for effects of agreement in January 1975.

Source: Chase Econometrics, Nov. 21, 1974.

tion, during ConRail's initial year of operation, freight car rehabilitation will require \$62.1 million and heavy overhaul of locomotives \$59.7 million. As an average, car rehabilitation will require \$58.4 million per year and locomotive overhaul \$62.6 million per year through 1980.

Five alternatives exist for obtaining new equipment: leasing, equipment trust certificates, conditional sales agreements, short term rentals and cash purchases. ConRail will mix these traditional techniques to its advantage in accordance with its credit standing in the private capital markets. The possibility of equipment financing through shipper participation is also being considered. ConRail could accomplish this indirectly by encouraging a higher volume of shipper-owned cars or directly by participating in joint financing equipment with shippers.

Although railroad equipment has traditionally served as its own collateral, USRA has conservatively assumed in the pro forma projections, that ConRail would purchase equipment with cash obtained from federally supported debt in its first two years of operation. In years three and four it was assumed that 50 percent of the cost of new equipment would be financed through secured equipment instruments. From the fifth year onward it was assumed that traditional financing could be arranged; hence the projections are based on a 20 percent downpayment from operating funds and an 80 percent equipment financing from the private capital markets. ConRail may, of course, be able to accelerate this program and begin self-supporting equipment financing at an earlier date.

Remaining Funding Requirements.—The bulk of ConRail's remaining financing requirements is associated with the rehabilitation of equipment and track and the support of operating losses in early years. Because funds for these purposes are not easily obtained from private sources, the Association assumed that federally supported debt would be available to meet these requirements.

The actual amount of federal debt needed by ConRail in any given year was assumed to be the amount of money required to meet all cash needs after utilization of cash generated from operations, subsidies, equipment financing, and non-interest bearing liabilities.

From the projected results of ConRail on an inflated basis, using modified betterment accounting, the federal debt levels for selected years are listed below.

	(\$000)		
	1976	1980	1985
Federal Debt: ¹			
Current	\$15,124	\$61,096	\$114,441
Long term	538,584	1,737,129	2,871,804
Total	\$553,708	\$1,798,225	\$2,986,245

¹ Expressed in pro forma projections as "Federal Notes" (long-term debt) and "Current Portion of Federal Notes."

The federal debt reaches almost \$3 billion by 1985. Since the provisions of the Act in Section 211 allow for \$1 billion, the difference of approximately \$2 billion must come from either increased federal financing or private source borrowings.

The amount of debt that could be supported by ConRail would depend primarily upon its ability to service that debt through normal operations. As shown in Table 7, ConRail eventually would be able to service the debt, but the coverage of fixed charges remains low, even as late as 1985, compared to the acceptable level of 2.0, due to a slow growth in the rate of earnings coupled with an assumed steady interest rate on a climbing total debt burden. After 1985 the level of debt begins to decline as the peak requirements of the rehabilitation program are satisfied.

Although the Association assumed that federally supported debt would supply a majority of ConRail's funding requirements, alternative sources or other types of support certainly exist. The federal government's financial involvement, for instance, may take a different form from that assumed. Or, it may prove possible to obtain a portion of the financing from the private markets. The feasibility of using some of these alternative types of private financing is discussed below.

Bonded Debt.—ConRail's ability to obtain mortgage or other long-term bonds from the private capital markets will be largely dependent on its actual proven results during its first 5 years of operations and more current projections for future operations thereafter. Industry and market conditions will also determine the practicality of such instruments as either private placements or public issues.

Trends in first mortgage bond issues for railroads have not been encouraging. Railroads in general have had to pay relatively high interest rates. Sinking funds, which reduce the average life of the bonds, have become

TABLE 7.—ConRail fixed charge coverage

	1976	1980	1985
Interest Expenses ¹	\$39,729	\$135,639	\$244,551
Equipment Rentals ²	107,487	90,666	109,812
Fixed Charge Total	\$147,216	\$226,305	\$354,363
Income (Loss) Before Taxes and Fixed Charges ³	\$53,200	\$332,832	\$569,287
Fixed Charge Coverage	0.36	1.47	1.61

¹ Interest Expenses were calculated by adding the additional interest due to inflation to the uninflated interest charges shown in the Statement of Income for 1976-1985.

² These numbers were adjusted upward to allow for inflationary increases. A traditional industry ratio of one-third of the total expenses was used to calculate the interest portion of equipment rentals. Equipment Rentals are shown in the Income Statements on an uninflated basis as part of Interest and Other Income Expenses (locomotive leases) and Net Car Hire (leased and rented cars).

³ This line was calculated by adding the interest amount described in footnote 2 to the uninflated Income Before Taxes and Fixed Charges.

increasingly necessary to attract investors. Obviously, rate and saleability will be affected by money market conditions and alternate investment opportunities.

From 1947 to 1973, the total long-term debt of the railroad industry increased slowly from \$9 to \$11.5 billion. However, bonded debt dropped from approximately \$7 billion to approximately \$4 billion while equipment debt increased from \$1 billion to \$4.5 billion. Other long-term debt, which has grown from \$1 billion to \$3 billion, is composed of receivers' and trustees' securities, long-term debt in default and non-negotiable debt to affiliated companies.³

Absent an improvement in the prospects of the railroad industry as a whole, it is unlikely that ConRail will be able to avail itself of bonded debt as a material source of capital.

Commercial Bank Debt.—It is assumed that ConRail will establish a full range of relationships with commercial banks which can best satisfy its needs. These needs will include, but not be limited to, depository accounts, short-term borrowing requirements and various administrative services. No long-term debt from banks has been assumed in the pro forma projections, although short-term lines of credit and medium-term financing may be pursued by ConRail to finance its day-to-day operations. The Final System Plan will include more specific assumptions concerning bank debt. At this

point, it is not planned as a key source of funds for the rehabilitation or capital program.

Employee Stock Ownership Plan (ESOP).—Section 206(c) of the Act requires that the Final System Plan set forth the manner in which employee stock ownership plans may to the extent practicable, be utilized for meeting the capitalization requirements of the Corporation. USRA is giving thorough consideration to this issue and is aware of the possible advantages to be gained through employee stock plans for ConRail. However, whether ESOP or some alternative incentive system can be made applicable to ConRail is not yet known.

Any plan will need to be conceived and administered with great care in order to be a positive rather than a negative motivator of employees. The Association is attempting to determine the extent to which employee stock ownership plans provide an opportunity for lower cost financing and for more employee participation, involvement and commitment to an organization. The implementation of an ESOP must be fair and effective for all classes of stockholders and the employees themselves. Distribution of stock to employees should result in an investment which has value to them, and/or an incentive from which all parties will benefit as employees work to improve the economic performance of ConRail. USRA is studying the practicality of employee stock ownership from both of these points of view and in the light of the pro forma projections.

³ Modern Railroads, Vol. 30, No. 2.

TABLE 8.—ConRail income (loss) pro forma projections, 1976-85, as of Dec. 31

[Thousands of 1973 dollars]

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Railway operating revenues:										
Freight.....	\$1,892,340	\$2,059,300	\$2,016,110	\$2,055,600	\$2,089,250	\$2,123,920	\$2,161,150	\$2,196,280	\$2,234,240	\$2,274,900
Passenger and other.....	487,856	503,256	503,184	501,880	501,993	499,564	490,948	495,128	497,428	498,073
Total railway operating revenues.....	2,380,196	2,562,556	2,519,294	2,557,480	2,591,243	2,623,484	2,652,098	2,691,408	2,731,668	2,772,973
Operating expenses:										
Maintenance of way.....	267,479	312,806	269,901	271,413	271,673	273,441	274,361	279,967	283,620	284,779
Maintenance of equipment.....	409,085	414,959	409,120	416,595	423,283	423,905	425,461	434,200	436,740	438,438
Transportation.....	1,105,542	1,144,400	1,119,273	1,105,679	1,068,672	1,085,917	1,077,418	1,073,929	1,071,796	1,072,240
General, administrative and other.....	186,968	184,892	182,767	180,858	179,318	177,775	177,635	177,530	177,647	177,581
Total operating expenses.....	1,969,104	2,057,057	1,981,061	1,974,545	1,967,946	1,961,038	1,954,895	1,965,626	1,993,803	1,973,038
Net operating revenue.....	411,092	505,499	538,233	582,935	623,297	662,446	697,203	725,782	741,865	800,265
Other income (expenses):										
Net car hire.....	(228,445)	(243,245)	(208,945)	(142,645)	(135,045)	(143,645)	(148,545)	(138,045)	(133,545)	(177,145)
Payroll taxes.....	(145,520)	(147,232)	(142,096)	(140,384)	(138,672)	(138,672)	(138,672)	(135,248)	(133,530)	(133,530)
Other taxes.....	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)	(54,744)
Interest and other income and expenses.....	(36,670)	(34,670)	(32,670)	(32,670)	(32,670)	(25,625)	(22,464)	(10,661)	6,646	24,243
Total other expenses, net.....	(465,379)	(479,891)	(438,455)	(370,443)	(381,131)	(362,686)	(364,425)	(338,698)	(335,179)	(340,186)
Income before taxes and fixed charges (deficit).....	(54,287)	25,608	99,778	212,492	242,166	299,760	332,778	387,084	406,686	459,479
Interest expense.....	37,138	53,011	67,998	77,268	81,379	81,668	79,768	78,215	78,020	77,739
Income before Federal income taxes (deficit).....	(91,425)	(27,403)	31,780	135,224	160,787	218,092	253,010	288,869	348,666	381,740
Federal income taxes (note 1).....										
Net income (loss).....	\$(91,425)	\$(27,403)	\$31,780	\$135,224	\$160,787	\$218,092	\$253,010	\$288,869	\$348,666	\$381,740

TABLE 9.—ConRail balance sheet, 1976-85 (years ended Dec. 31)

(Thousands of 1973 dollars)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
ASSETS										
Current assets:										
Cash	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Temporary cash investments						1,236	58,375	155,197	320,594	539,881
Accounts receivable less allowance	309,425	333,132	327,508	332,472	336,802	341,053	344,773	349,883	355,117	360,617
Material and supplies	117,139	118,812	109,863	110,296	110,842	108,400	107,106	107,942	106,537	105,756
Other current assets	54,948	58,371	57,309	57,928	58,495	58,987	59,456	60,298	60,935	61,734
Total current assets	581,512	610,315	594,680	600,698	606,199	609,676	669,710	773,230	943,183	1,167,988
Property and equipment, at cost:										
Land (Notes 2 and 5)										
Road and facilities (notes 1, 2 and 5)	308,726	503,776	717,971	918,696	1,128,429	1,347,666	1,553,469	1,756,244	1,954,612	2,137,980
Transportation equipment (notes 1, 2 and 5)	309,625	409,208	473,701	550,463	596,004	649,138	678,964	742,490	810,316	872,160
Total, properties	618,351	912,984	1,191,672	1,469,159	1,724,433	1,996,804	2,232,433	2,498,734	2,764,928	3,010,140
Less accumulated depreciation	43,487	92,168	147,422	208,477	274,692	345,303	419,787	498,515	582,784	672,524
Net properties	574,864	820,816	1,044,250	1,260,682	1,449,741	1,651,501	1,812,646	2,000,219	2,182,144	2,337,616
Other assets	54,745	58,030	57,943	58,822	59,600	60,341	60,998	61,903	62,829	63,802
Total assets	\$1,211,121	\$1,490,070	\$1,696,873	\$1,920,202	\$2,115,540	\$2,321,518	\$2,543,354	\$2,835,352	\$3,188,156	\$3,569,406
LIABILITIES AND STOCKHOLDERS' EQUITY										
Current liabilities:										
Accounts and wages payable	\$131,172	\$133,102	\$132,219	\$132,285	\$132,498	\$132,306	\$132,390	\$133,346	\$133,992	\$134,948
Accrued liabilities	271,713	279,853	273,882	274,030	274,460	274,063	274,237	276,218	277,654	279,535
Other current liabilities	99,968	107,627	105,810	107,414	108,832	110,186	111,388	113,030	114,730	116,507
Current portion of equipment notes	37,180	35,601	36,607	32,773	37,460	28,340	24,919	26,506	27,484	23,608
Current portion of federal notes	12,757	22,146	28,049	31,600	33,336	33,336	33,336	33,336	33,336	33,336
Total current liabilities	552,790	580,329	576,567	578,092	578,586	578,231	576,270	582,445	587,096	587,934
Long-term debt, less current portion:										
Equipment notes (notes 2 and 3)	177,843	142,242	140,635	149,344	164,010	181,116	182,997	210,251	239,967	268,679
Federal notes (notes 2 and 3)	469,960	729,479	878,530	953,442	972,183	938,847	900,511	872,176	838,840	805,504
Other debt (note 5)										
Other noncurrent liabilities:										
Self-insurance reserves	39,473	55,947	55,926	56,880	57,758	58,536	59,277	60,248	61,241	62,320
Other	62,480	100,901	132,263	134,268	136,040	137,733	139,235	141,299	143,413	145,634
Total liabilities	1,302,546	1,608,898	1,783,921	1,872,026	1,906,577	1,894,463	1,863,290	1,866,419	1,870,557	1,870,071
Stockholders' equity:										
Capital stock (notes 2 and 5)										
Additional paid-in capital (notes 2 and 5)										
Retained earnings (deficit)	(91,425)	(118,828)	(87,048)	48,176	208,963	427,055	680,064	968,933	1,317,599	1,699,335
Stockholders' equity	(91,425)	(118,828)	(87,048)	48,176	208,963	427,055	680,064	968,933	1,317,599	1,699,335
Total liabilities and stockholders' equity	\$1,211,121	\$1,490,070	\$1,696,873	\$1,920,202	\$2,115,540	\$2,321,518	\$2,543,354	\$2,835,352	\$3,188,156	\$3,569,406

NOTES TO THE PRO FORMA PROJECTIONS

Note 1—Summary of Significant Accounting Policies

Accounting Methods.—The financial statements are presented on a modified betterment basis for road properties. Under the modified betterment method, costs of rehabilitating track structures are capitalized and are not depreciated. Costs of additions and improvements in track structures are likewise capitalized and are not depreciated pursuant to accounting regulations of the Interstate Commerce Commission (ICC). Amounts capitalized for road properties other than track structures are depreciated pursuant to ICC regulations over their estimated useful lives. Amounts spent maintaining

track and replacing track with comparable weight track are expensed when incurred according to traditional ICC accounting regulations.

The modified betterment method capitalizes the cost of rehabilitation of track structures because such expenditures must be made to bring the assets acquired up to acceptable operating standards.

Under a pure betterment accounting method, costs of rehabilitating track structures would be charged to current year's maintenance-of-way expenses as incurred. If the pro forma projections were prepared on a pure betterment accounting method, net income would be lower and the additions to the road asset accounts would be reduced by the following amounts; which would have been charged directly to operating expense.

Change to road assets accounts due to betterment accounting

	1973 dollars (thousands)
1976	\$89,988
1977	72,728
1978	96,441
1979	104,145
1980	137,828
1981	133,804
1982	126,099
1983	112,529
1984	101,833
1985	82,472
Total for planning horizon	\$1,057,867

The programmed expenditures for rehabilitation of the right-of-way and structures, expressed in uninflated 1973 dollars, totals \$2,278 million and is accomplished over a 14-year period. Of this amount, \$1,868 million is expended in the 1976-1985 period and included in the pro forma projections included herein.

The total right-of-way and structures capital program in the 1976-1985 period, included in the pro forma projections, is \$2,016 million. This program is composed of the \$1,868 million of rehabilitation and \$636 million of capital expenditures for additions and betterments to the right-of-way and structures, less salvage proceeds of \$488 million.

When inflated to current dollars over the 10-year projection period, in accordance with the inflation factors developed by Chase Econometrics, the 10-year rehabilitation program increases to \$3,901 million, the capital expenditures for additions and betterments to \$1,313 million, and the salvage proceeds to \$1,052 million, for a net capital expenditure of \$4,162 million.

Depreciation.—The provision for depreciation has been calculated on a group composite basis over the following useful lives of depreciable assets.

Equipment Assets	15 years—straight line method
Road Assets	35 years—straight line method

Under the group composite method of depreciation, both new and old assets must be depreciated over the same average expected life. Furthermore, no gain or loss may be recognized when assets are retired. The original cost of assets retired, net of any salvage is charged to the accumulated depreciation account under this method of accounting, which is consistent with ICC regulations for depreciable properties.

Salvage.—For depreciable assets under the group composite method, no profit is realized on salvage. Instead, salvage is credited to accumulated depreciation, lowering the net book value of such assets.

Salvage for non-depreciable road assets is normally reflected as a reduction of operating expense under the betterment accounting method, but all road asset salvage during the first 10 years is assumed to relate to the rehabilitation program. Accordingly, road asset salvage reduces the amount of rehabilitation capitalized by the amounts indicated below for road.

Component salvage values projected for each year are shown below.

Year	1973 dollars (thousands)		
	Equipment	Road assets	Total
1976	\$3,809	\$19,416	\$23,225
1977	5,011	28,820	33,831
1978	5,507	31,608	37,115
1979	6,202	37,833	44,035
1980	7,117	62,083	69,200
1981	3,674	63,008	66,682
1982	3,674	62,211	65,885
1983	3,674	61,441	65,115
1984	3,674	60,671	64,345
1985	3,556	60,671	64,227
Total	\$45,898	\$487,762	\$533,660

TABLE 10.—ConRail pro forma projections of sources and uses of funds and required financing, 1976-85

	[Thousands of 1973 dollars]									
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Sources of funds:										
Net Income (Loss)	\$(91,425)	\$(27,403)	\$31,780	\$135,224	\$160,787	\$218,092	\$253,019	\$288,860	\$348,666	\$381,730
Depreciation—Road and Facilities	493	1,534	2,638	3,730	4,812	5,920	7,028	8,158	9,225	10,473
Depreciation, transportation equipment	42,994	47,147	52,616	57,325	61,403	64,694	67,459	70,570	74,948	78,273
Cash flow from operations	(47,938)	21,278	87,034	196,279	227,002	288,706	327,497	367,597	432,937	471,476
Other sources and (uses) of funds:										
Additions to roadway facilities	(308,726)	(193,050)	(214,195)	(200,725)	(209,733)	(219,237)	(205,803)	(202,775)	(198,368)	(182,880)
Additions to transportation equipment	(313,434)	(104,594)	(70,000)	(82,964)	(52,638)	(56,808)	(33,500)	(67,200)	(71,500)	(61,480)
Repayment of debt	(41,187)	(49,937)	(57,747)	(64,656)	(64,372)	(60,795)	(61,675)	(58,254)	(58,841)	(60,680)
Current assets and liabilities	21,341	(9,074)	4,964	(4,210)	(3,430)	(2,712)	(58,574)	(98,932)	(166,280)	(228,000)
Other changes, net	51,017	55,712	37,844	8,282	8,989	5,400	5,255	5,804	5,812	5,820
New financing required	\$638,927	\$281,665	\$212,100	\$147,994	\$94,202	\$45,446	\$26,800	\$53,760	\$57,200	\$52,230
Sources of financing:										
Equipment financing	256,210		35,000	41,482	42,126	45,446	26,800	53,760	57,200	52,230
Other financing	382,717	281,665	177,100	106,512	52,076					
Total financing	\$638,927	\$281,665	\$212,100	\$147,994	\$94,202	\$45,446	\$26,800	\$53,760	\$57,200	\$52,230

TABLE 11.—*ConRail pro forma balance sheet (years ended Dec. 31)*

(Thousands of inflated dollars)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
ASSETS										
Current assets:										
Cash.....	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Temporary cash investments.....										
Accounts receivable less allowance.....	438,849	506,451	535,766	577,615	618,330	655,501	694,076	736,981	779,996	830,735
Material and supplies.....	171,882	192,544	198,640	218,266	236,595	249,008	264,157	283,933	299,429	317,121
Other current assets.....	77,881	89,096	94,431	101,821	108,900	115,447	122,316	130,035	137,762	146,679
Total current assets.....	788,562	888,091	928,837	997,702	1,063,815	1,119,956	1,180,549	1,250,949	1,317,187	1,394,535
Property and equipment, at cost:										
Land (notes 2 and 5).....										
Buildings and facilities (notes 1, 2 and 5).....	390,411	695,973	1,062,355	1,434,487	1,850,680	2,315,252	2,758,095	3,266,489	3,778,059	4,283,796
Transportation equipment (notes 1, 2 and 5).....	320,146	463,866	563,361	686,334	763,733	854,474	908,688	1,025,772	1,155,445	1,279,419
Total properties.....	710,557	1,159,841	1,625,716	2,120,821	2,614,413	3,169,726	3,666,783	4,292,261	4,933,504	5,563,215
Less accumulated depreciation.....	45,443	97,775	159,939	231,533	312,031	397,679	492,677	596,001	710,393	836,153
Net properties.....	665,114	1,062,066	1,465,777	1,889,288	2,302,382	2,772,047	3,174,106	3,696,260	4,223,111	4,727,062
Other assets.....	77,642	89,603	94,789	102,193	109,395	115,973	122,798	130,389	137,999	146,976
Total assets.....	\$1,531,318	\$2,039,760	\$2,489,403	\$2,989,183	\$3,475,592	\$4,007,976	\$4,477,453	\$5,077,598	\$5,678,297	\$6,268,573
LIABILITIES AND STOCKHOLDERS' EQUITY										
Current liabilities:										
Accounts and wages payable.....	\$185,647	\$208,163	\$221,503	\$239,009	\$255,102	\$270,433	\$286,927	\$305,902	\$324,813	\$345,607
Accrued liabilities.....	384,554	431,195	459,015	495,089	528,425	560,183	594,348	633,654	672,828	715,899
Other current liabilities.....	141,782	163,623	173,094	186,614	199,765	211,777	224,240	238,101	251,999	268,391
Current portion of equipment notes.....	37,180	35,601	37,774	35,480	31,866	34,631	32,511	36,954	41,280	40,668
Current portion of federal notes.....	15,124	28,901	39,937	50,689	61,066	72,049	81,666	93,382	104,142	114,441
Total current liabilities.....	764,287	867,483	931,413	1,006,881	1,076,254	1,149,073	1,219,692	1,307,993	1,395,012	1,485,006
Long-term debt, less current portion:										
Equipment notes (notes 2 and 3).....	177,843	142,242	156,968	186,076	221,822	260,905	274,706	334,360	399,808	461,166
Federal notes (notes 2 and 3).....	538,584	923,007	1,214,151	1,486,024	1,737,129	1,993,668	2,200,526	2,458,610	2,677,265	2,871,804
Other debts (note 5).....										
Other noncurrent liabilities:										
Self-insurance reserves.....	56,007	85,150	91,607	98,999	106,219	112,740	119,583	127,167	134,802	143,773
Other.....	88,613	153,396	216,367	233,268	249,706	264,721	280,300	297,627	314,998	335,489
Total liabilities.....	1,625,334	2,171,278	2,610,506	3,011,248	3,391,130	3,781,107	4,094,807	4,525,757	4,921,885	5,297,238
Stockholders' equity:										
Capital stock (notes 2 and 5).....										
Additional paid-in capital (notes 2 and 5).....										
Retained earnings (deficit).....	(94,016)	(131,518)	(121,103)	(22,065)	84,462	226,869	382,646	551,841	756,412	971,335
Stockholders' equity.....	(94,016)	(131,518)	(121,103)	(22,065)	84,462	226,869	382,646	551,841	756,412	971,335
Total liabilities and stockholders' equity.....	\$1,531,318	\$2,039,760	\$2,489,403	\$2,989,183	\$3,475,592	\$4,007,976	\$4,477,453	\$5,077,598	\$5,678,297	\$6,268,573

Federal Income Taxes.—No provision has been made for federal and state income taxes or investment tax credits because the objective of the pro forma statements is to evaluate pretax profit potential.

The failure to indicate income taxes on the financial statements may not materially affect the cash requirements of the Company during the 10-year planning horizon because opportunities for favorable tax treatment could result in the substantial elimination or deferral of income taxes during that period.

If additional analysis determines that the tax basis of the acquired assets in the hands of the existing railroads exceeds the cost of these assets to the Company, and if under existing tax laws or through special leg-

islation the tax basis of the acquired assets can be carried over to the Company, tax savings through increased depreciation and amortization deductions should be realized.

If operating losses from early years of the Company's operations are projected, they should be available for carryover to reduce or eliminate income taxes in subsequent years. If the Company is permitted to maintain its tax records on a pure betterment accounting basis while it maintains its financial records on a modified betterment basis (a matter which is currently being explored), income for tax purposes may be considerably less than income for financial statement purposes for a considerable period of time. Also, tax lia-

bilities may be further reduced if accelerated depreciation methods are utilized for tax purposes. No provision is made on the financial statements for the deferral which would arise under these situations in which income for financial reporting purposes exceeds income for tax purposes because analyses estimating income for tax purposes cannot be completed until the tax basis has been established for the assets acquired.

Under existing law, substantial investment tax credits should be generated during the rehabilitation program. Subject to carryover limitations, these credits should be available to reduce income tax liabilities in later years.

Note 2—Initial Financial Condition

For purposes of forecasting, the starting values of assets to be acquired, related liabilities to be assumed and capitalization are as follows:

	Thousands
Cash	0
Although operating cash will be required, no initial cash balance is assumed.	
Land	0
Valuation of land is not yet complete and therefore is not included in the financial statements.	
Road	\$121,600
Represents the cost of road property and road rehabilitation financed by Government-guaranteed loans under Sec. 215 of the Act. Valuation of other road assets acquired is not yet complete and is accordingly not included in the financial statements.	
Equipment	284,610
Represents the par value of debt tied specifically to equipment presently owned by the bankrupt carriers and equipment purchased with the proceeds of Government-guaranteed loans under Sec. 215. Since valuation of other equipment acquired from bankrupt carriers is not complete, no value for it is included in the financial statements.	
Total assets	406,210
Equipment debt	\$256,210
Existing unpaid debt (conditional sales agreements and equipment trust certificates) to be assumed by ConRail, related to equipment to be acquired, as of Jan. 1, 1976.	
Sec. 215 debt	150,000
Government-guaranteed debt used to purchase and make roadway improvements on rail lines to be included in the final system.	
Capital stock, additional paid-in capital and other debt	0
The valuation of capital stock, additional paid-in capital, and other debt depend upon the valuations of the assets acquired in exchange for the securities issued. Because asset valuations are not yet complete, no values are assigned to these accounts.	
Total liabilities and stockholder's equity	\$406,210

Note 3—Long Term Debt

Equipment Notes.—Collateralized by 100 percent of the equipment assets initially acquired and by 100 percent of equipment assets purchased, beginning in 1978.

Equipment debt finances 50 percent of the equipment acquired in 1978 and 1979 and 80 percent of the equipment acquired in 1980 and thereafter at interest rates which vary from 7.9 to 9.9 percent. Principal is repaid in 15 equal annual payments commencing on July 1 of the year following the year the debt is issued.

Federal Notes.—Guaranteed by the U.S. Government as to interest and principal.

Government debt finances all cash needs other than equipment debt. Principal is repaid in 30 equal annual payments commencing on July 1 of the year following the year the debt is issued at rates ranging from 7.3 to 7.9 percent.

Note 4—Commitments and Contingencies

Leases.—The SEC and the Financial Accounting Standards Board require disclosure of Off-Balance-Sheet financing in the form of long-term leases. Although ConRail will lease equipment, buildings and other facilities, no disclosure of the minimum annual rentals and expiration of leases is given because of lack of detailed data for developing such statistics and the fact that such information, although required for external financial reporting, is not considered necessary at this point in the planning aspects of the pro forma projections. For these same reasons, the capitalized value of lease commitments was not calculated.

Pension Plans.—The pro forma projections contain no provision for liabilities arising out of unfunded pension plans, and no unrecorded liability for unfunded past service is anticipated.

Obligations of Predecessor Bankrupt Railroads.—Because the Company enjoys protection under the federal bankruptcy laws and the Regional Rail Reorganization Act of 1973, no provision is made on the pro forma projections for uncollateralized liabilities of the bankrupt railroads. These uncollateralized liabilities include income taxes, real estate and other taxes, accounts payable in default and other unsecured obligations.

Note 5—Shareholders' Equity and Other Securities Issued at Conveyance

No assumption has been made with respect to the package of securities to be transferred for the assets of the bankrupt estates conveyed to ConRail. Furthermore, no value is placed on assets acquired from the bankrupt railroads except for assets with specific debt attached to them. Since asset valuations are not complete, valuations could not be made for Capital Stock, Additional Paid-In Capital, and Other Debt. Accordingly, these accounts are set equal to zero.

DESIGN OF PRO FORMA FINANCIAL PROJECTIONS

Although Section 206(e) of the Act calls for pro forma financial projections, it is silent with respect to the design of the projections, the level of details to be included or the accounting policies to be used. Among the Association's first problems, therefore, was to determine what type and how many projections should be prepared.

Selection of the number, type and format of the financial projections was based on consideration of their potential uses. In addition to meeting the requirements of Section 206(e), pro forma financial projections are necessary to demonstrate compliance with other goals and designations in Sections 206 and 207.

It was evident that pro forma financial projections would also be needed by USRA staff to evaluate planning alternatives during preparation of the Preliminary and Final System Plans and to help plan ConRail's financial future and develop financial systems and procedures. Finally, the Association acknowledged that the estate of the bankrupts, Congress and other public bodies would need financial information regarding USRA financial commitments, the retention of light-density lines, the extent of passenger, commuter and subsidized operations and other data to evaluate the Preliminary and Final System Plans.

To satisfy all these potential uses, financial statements at varying levels of detail were devised. The statements fall into four general categories:

- Statements of Net Income
- Statements of Financial Condition (Balance Sheets)
- Statements of Sources and Uses of Funds and Required Financing
- Supplemental Financial and Statistical Information

Accounting Policies

ICC railroad accounting principles were used to prepare the financial projections with one major exception: the ICC method of accounting for rehabilitation and maintenance-of-way expense was "modified" to better portray the complete rehabilitation of the basic facilities, rather than their mere maintenance.

Under the traditional railroad industry method referred to as "betterment accounting" most of the rehabilitation expenditures for road assets would have to be expensed in the years they are incurred. As a result, operating income in these years would be recorded at a lower level than warranted. To present such extraordinary charges as ordinary expenses would mask reality and portray ConRail's operating results on an entirely different basis from other railroads.

Moreover, if the cost of catching up with years of deferred maintenance were to be charged against Con-

Rail's initial years of operation, the basic accounting axiom of matching one period's revenues with the costs of producing those revenues would be violated. Since the rehabilitation program is expected to add permanent value to the assets, it was considered far more reasonable to treat the costs of implementing such a program as part of the initial cost of the assets. For these reasons, therefore, a modification of the traditional method of accounting for rehabilitation and maintenance of way expenditures was used.

Application of the "Modified Betterment Method" would result in capitalizing the properties initially acquired and all track structure rehabilitation costs as they are incurred to correct the deferred maintenance problem. All other expenditures for track maintenance, those arising from normal business operations, would be charged to current operating expenses in accordance with "betterment accounting" regulations prescribed by the ICC. Also, in accordance with ICC betterment accounting regulations, depreciation would be taken on road assets other than track structures while no depreciation would be taken on track structures.

The Association also considered using the depreciation method, commonly used by most businesses, to account for ConRail's extraordinary rehabilitation expenditures. Under this method, any major expenditure which substantially improves an asset or increases an asset's life is capitalized and subsequently written off or depreciated over the life of the improved asset. The method is designed to spread the costs of achieving the benefits over the length of time the benefits are received.

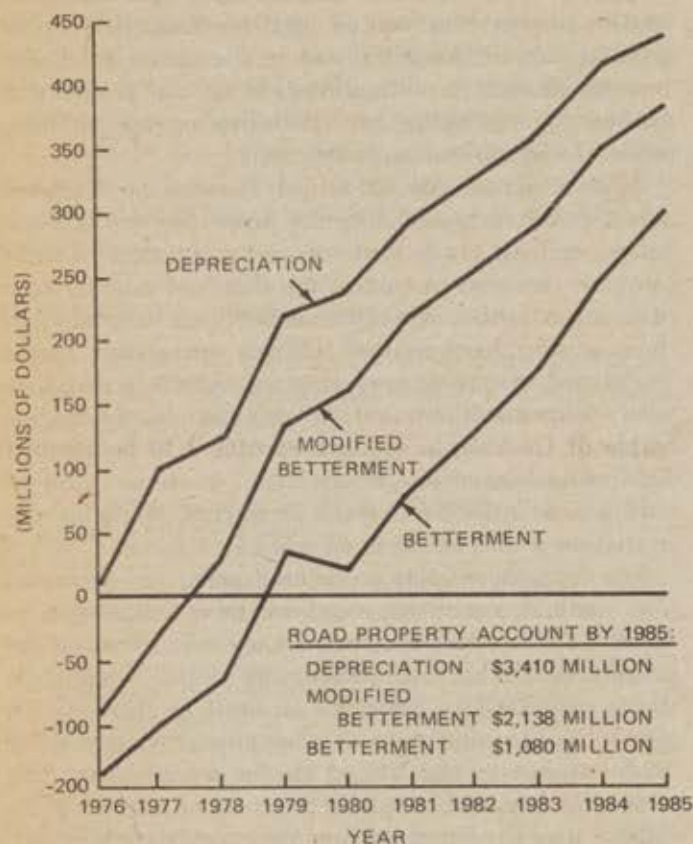
The Association's present position is that the depreciation method was not entirely appropriate in ConRail's case. Use of the depreciation method resulted in the capitalization of costs normally accounted for as expenses, thus distorting the earnings of ConRail by raising earnings in the initial years and lowering them in subsequent years beyond the 10-year planning horizon. The effects each of the three methods would have on net income and the road property accounts are shown in Figure 1.

Pro Forma Financial Data Bank and Financial Model

The task of assimilating historical and projected data needed to generate the pro formas was naturally a complex one. To assure that proper records were maintained and to facilitate access to these data, computerized data banks were created. The financial information is stored by financial statement account number.

All data not geographically important, such as car hire data, is put in files by ICC account numbers. Geographically important data such as the rehabilitation cost for a specific section of track or the asset value of a passenger terminal, is filed in another computerized information storage system.

FIGURE 1
CONRAIL NET INCOME
(1973 DOLLARS - UNINFLATED)



The financial model was designed to generate pro forma statements for the various system designs and financing options considered by the Association in its planning process. The model uses data from the two data banks, making arithmetic calculations and projects the results directly in pro forma statement format.

Developing the Pro Forma Projections

The conceptual process by which the pro formas were developed was as follows: First, projections were developed of the annual capital expenditures needed by ConRail to complete its rehabilitation and equipment acquisition programs. Second, annual projections of ConRail's operating income and cash available for fixed charges were developed. Third, the annual difference between internally generated cash and ConRail's total financing requirements was calculated.

To avoid the circular problem of needing to know a firm's capital structure in order to project its net income and vice versa, it was assumed that federally guaranteed debt would be used to finance this entire shortfall. Second, since neither the value of the property to be acquired nor the mix of securities to be ex-

changed would be known until a later date, no asset values were established.

Although the Act mentions a limit of \$1 billion on the amount of USRA obligations which can be provided, this first assumption was made because it is unlikely that ConRail will attract additional capital, if needed, from the private markets. The assumption was only a working one, however, and the Association recognizes that federally supported debt is not the only way to meet this shortfall.

Essentially, the process was designed to answer three questions:

- What would be ConRail's operating income over time?
- What level of external financing would be required to enable ConRail to become self-sufficient?
- Are the Act's financing provisions adequate to accomplish the rehabilitation program and reorganization of the bankrupt railroads?

To emphasize the degree to which reorganization and rehabilitation of the bankrupt railroads could improve their financial performance, the pro forma income projections for the Preliminary System Plan are expressed in constant 1973 dollars. The Association recognizes, however, that the levels of inflation the country is now experiencing could significantly change these projections. To demonstrate the potential impact of inflation on ConRail's financial shortfall, the Association also prepared a preliminary set of inflated pro forma balance sheets. A discussion of the results of these projections appears earlier in this chapter.

Derivation of Operating Income

The following procedure was used to develop annual estimates of Net Railway Operating Income (NROI) for ConRail.

Freight revenues were developed from a forecast of ConRail's potential annual revenue and tonnage over the planning period by Temple, Barker & Sloane, Inc. (TBS).² This forecast was adjusted to reflect recent changes in the economy that have a long-term impact on the timing of economic growth. The pro forma projections encompass these changes. See the Marketing Chapter for freight revenues and tonnage forecasts by commodity.

Passenger revenues reflect the level of fares collected by the carriers in 1973. Included in Other Revenues is the level of subsidy required to make ConRail break even on passenger service and the actual 1973 Amtrak reimbursements and the regional commuter contract subsidies.

² A consultant firm working under contract to USRA. The Temple, Barker & Sloane projections were based on a forecast made by Chase Econometric Associates in June, 1974.

These overall revenue projections were then further adjusted by USRA staff to incorporate: (a) the assumption that rate increases would be granted where needed to recover losses on traffic which is currently unremunerative; (b) the assumption that ConRail would be reimbursed for all passenger losses on a fully allocated cost basis; (c) the assumption that the losses incurred as a result of operating branch lines designated for abandonment would be reimbursed in 1976 and 1977 and (d) estimated shifts in traffic brought on by the new configuration of ConRail. The end result of this process was the projection of annual revenue figures for ConRail from 1976 through 1985.

With respect to freight expenses, a network model was used as a starting point to develop expenses. All expenses were at the ICC account level. The 1972 expenses were then indexed to 1973 price levels to make them comparable with 1973 revenues. Annual expenses for 1985 were derived by modifying the 1973 expense levels to reflect the TBS tonnage forecasts that year.

Each ICC expense account was then adjusted to reflect the impact of anticipated organizational and merger effects. Implicit in this analysis was the sequencing of these changes and the extent to which they would affect operating savings. A concurrent step was to estimate the amount by which operating expenses for freight could be reduced through plant rehabilitation or upgrading.

Working from field analysis, USRA staff estimated the total and annual cost adjustments in transportation and maintenance expense, car and locomotive hire and other operating expenses expected from the rehabilitation of road and structure and equipment. The time required to complete the rehabilitation program was also estimated. All rehabilitation and upgrading expenditures were in 1973 dollars.

Passenger service expenses are included in the pro forma projections. They reflect ConRail's estimated cost of maintaining the 1973 service levels of regional commuter lines and Amtrak's intercity operations over the planning period.

Finally, each option's annual expense projections were subtracted from the corresponding annual revenue projections to obtain annual net railway operating income for each alternative.

Derivation of the Balance Sheet

Once the amount of USRA funding needed by ConRail to equalize the shortfall between internally generated funds and its total financing requirements was determined, it was possible to construct balance sheets. The more significant items within the balance sheets were derived as follows:

Cash was arbitrarily set at \$100 million for planning purposes, and to utilize the model's automatic financing program to calculate the amount of USRA money Con-

Rail needs. This assumption does not mean that the railroad will have only \$100 million of cash in the bank, but that a revolving government loan commitment may serve as a substitute for working cash.

Operating Properties (land, road and facilities, and transportation equipment) represent the dollar value of the railroad's investment in land, road, and equipment held for use as transportation property at the date of the balance sheet. New property additions are valued at their estimated purchase cost.

Since ConRail has not yet purchased any assets, nor has the Association determined the value of the assets to be conveyed to ConRail, the property values of assets acquired from existing bankrupt railroads are not reflected in the Preliminary System Plan's financial projections with one exception. Assets, such as equipment, which will not be transferred to ConRail free of liens are reflected on the financial projections at the net par value of the associated debt scheduled to be assumed by ConRail.

The asset valuations in the Final System Plan financial projections will differ from those in the financial projections shown here because assets collateralizing debt may be worth more or less than their associated debt, and because many assets are not presently included in the financial projections.

However, since most of the assets to be conveyed to ConRail are nondepreciable, the value of the properties will have no material effect on the income statement. Thus, no values were assigned to properties.

The amount of new equipment anticipated to be purchased by ConRail was added to these accounts to derive each subsequent year's balance sheet. The capitalized portion of annual road and property improvements was also added to property accounts.

Current Portion of Long-term Debt represents the projected amounts of equipment notes and federal notes scheduled for repayment during the following year.

Equipment Debt account reflects the amount of new equipment obligations plus the existing level of outstanding debt on equipment originally purchased by the bankrupt estates and scheduled to be transferred to ConRail. This debt has been reduced for amounts which fall due within the next year.

The amount of new equipment debt equals 80 percent of the amount of annual new equipment purchasing anticipated for the years 1980 through 1985 in accordance with traditional equipment financing arrangements. Equipment forecasted to be purchased during the first 2 years of operations will be financed with federal notes since the new railroad may not be able to attract private capital at reasonable interest rates. The level of new equipment debt for the third and fourth years of operations was assumed to be equal to 50 percent of the purchase price of equipment acquired in those years.

Principal payments on equipment debt acquired from private capital markets were calculated on the assumption that the debt would require 15 equal annual repayments commencing on July 1 of the year after the year that the debt is issued. Average annual interest rates for the new equipment debt obtained from the private capital markets were projected by Chase Econometric Associates and range from 9.9 percent in 1978 to 7.9 percent in 1985.

Federal Notes represents debt carrying a government guarantee. The amount borrowed in any year equals the amount of money needed to equalize each year's sources and uses of funds, including the interest and principal needed to service that debt.

The federal debt was assumed to be in the form of 30 year serial bonds requiring principal payments in 30 equal annual installments commencing on July 1 of the year after the year that the bonds are issued. The portion of the federal debt due within one year is shown as a current liability. Average annual interest rates on this debt were also projected by Chase Econometric Associates and vary from 7.3 percent in 1976 to 7.9 percent in 1985.

No provisions were made to retire long-term debt before it is due as excess cash became available. To determine the precise level of required financing in a given year, one should reduce long-term debt by the amount

of any temporary cash investments available in that year. Since interest earned on temporary cash investments was assumed to equal interest rates on federal debt, debt repayments over 30 years, even with growing temporary cash investments, do not distort income projected.

Equity consists of the amount contributed by the shareholders and retained earnings. The valuation of assets acquired from the bankrupt railroads is required before the shareholders' accounts may be valued. (See the Valuation Process.) Retained earnings consists of the accumulation of each year's annual net income and is net of early year's deficits. No extraordinary items nor dividends were charged to retained earnings. Also, as stated earlier, accumulated earnings are shown on a pre-tax basis in retained income.

Accounts Receivable, Materials and Supplies, Special Funds, Other Current Assets, Other Non-Current Assets, Accounts and Wages Payable, Other Current Liabilities, Total Non-Current Reserves and Other Non-Current Liabilities bear relationships to specific elements of income or expense and are calculated accordingly. The percentages applied were based upon analysis of prior experience of the consolidated results of the bankrupt carriers, where appropriate, and in other instances by analysis and application of experience factors of all three geographic districts and all Class I railroads as a whole.

THE VALUATION PROCESS

The Association has two valuation tasks under the Act: first, to properties acquired, and second, to value the securities and other benefits accruing to the estates.

The Act requires that the exchange of rail properties for ConRail securities and other benefits be "in the public interest" and "fair and equitable to the estates of each railroad in reorganization in accordance with the standards of fairness and equity applicable to the approval of a plan of reorganization or a step in such plan under Section 77 of the Bankruptcy Act." (Section 303(c) (A).)

The valuation process will concentrate on these two methods: (a) capitalization of earnings and (b) net liquidation value. It is the opinion of the Association that these two methods are the most suitable for the valuation of the rail properties subject to the Act.

Asset valuation based on capitalization of the projected earnings of the reorganized entity is established as the primary method of valuation by Section 77(e) of the Bankruptcy Act:

The value of property used in railroad operations shall be determined on a basis which will give due consideration to the earning power of the property, past, present,

and prospective, and all other relevant facts. In determining such value only such effect shall be given to the present cost of reproduction new and less depreciation and original cost of the property, and the actual investment therein, as may be required under the law of the land, in light of its earning power and all other relevant facts.

Given the explicit mandate of Section 77(e) and the court decisions which have construed it, capitalization of the earning power of the reorganized entity must be stressed.

Net liquidation value will also be developed for the assets of the estates. It represents the maximum value the estates would obtain if the assets were actually liquidated rather than reorganized as provided in the Act.

On the basis of the conclusion that the Association's principal approaches to valuation will be capitalization of earnings and net liquidation, a series of work programs within the framework of the valuation process have been developed. These are designed to provide the valuation data needed to prepare the Final System Plan and to document it before Congress and the Courts.

The valuation program being undertaken by the Association is designed to accomplish five major objectives:

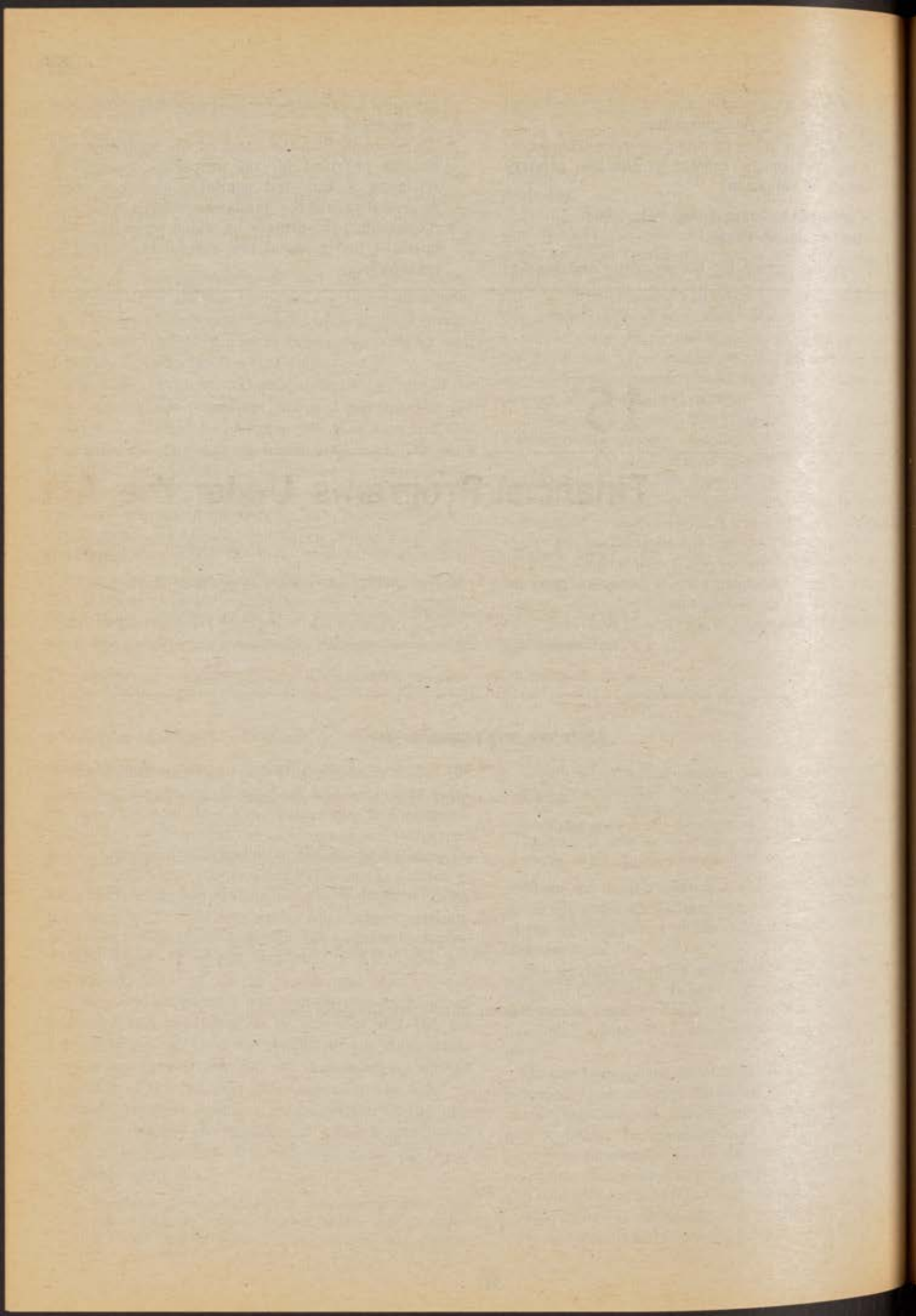
- To establish an accurate inventory of properties of each railroad in reorganization.
- To establish a value for the properties transferred or conveyed in the context of the two primary methods of valuation:

Capitalization of earnings value, and
Net liquidation value.

- To establish values for the securities and benefits

provided in exchange for the properties transferred or conveyed.

- To establish that the value of the securities, and benefits provided for the properties transferred, represent a fair and equitable exchange when measured against the standards set forth in the Act.
- To establish the manner by which properties now operated under leased line agreements should be transferred.



15

Financial Programs Under the Act

The Regional Rail Reorganization Act of 1973 establishes six financial programs to assist in the restructuring process of the bankrupt railroads in the Region. The programs were designed to provide funds for continued rail service and physical plant improvement prior to the Final System Plan and to improve ConRail performance during its early years.

Three programs provide funds to enable the bankrupt carriers to maintain safety and service as well as aiding ConRail, other railroads and state and local authorities in acquiring and modernizing properties they choose to operate.

Two programs involving matching federal loans or grants would assist in maintaining essential service over track in the Region not included in the Final System Plan.

Another program creates a mechanism for providing benefits to protected railroad employees who are displaced, transferred or put out of work as a result of the reorganization process.

The Regional Rail Reorganization Act established six financial programs to assist the freight rail system of the Northeast and Midwest. These programs provide both permanent financing and funds for interim programs. They are to be administered by the United States Railway Association (USRA), the Department of Transportation (DOT), the Interstate Commerce Commission (ICC) and the Railroad Retirement Board. The financial programs available under the Act are the subject of this chapter.

Sections 210 and 211

Sections 210 and 211 of the Act authorize the Association to make loans to:

- ConRail (the Corporation), Amtrak and other railroads for purposes of implementing the Final System Plan;¹
- State, local or regional authorities to assist in acquiring or modernizing rail lines they elect to operate and
- Those solvent railroads whose lines connect with the railroads in reorganization and are in "need of financial assistance to avoid reorganization proceedings under Section 77 of the Bankruptcy Act."

Outstanding obligations at any one time cannot exceed \$1.5 billion, of which not more than \$1 billion can be loaned to ConRail. At least half of this \$1 billion must be spent on rehabilitation and modernization of properties designated to be a part of the ConRail System.

The intent of Congress, stated in the Act, is that these loans "be made on terms and conditions which furnish reasonable assurance that the Corporation or the railroads to which such loans are granted will be able to repay them within the time fixed and that the goals of the final system plan are reasonably likely to be achieved" (Section 211(f)).

There is a much greater demand for funds, given the needs of the various eligible recipients and the multiple uses for such loans, than can be satisfied with the present limitations on lending authority. A careful ordering of priorities is required to make certain that the basic purposes of the Act are met in granting the loans. The Association has developed an analytical process for the allocation of the resources available to the several categories of loans and for specific uses within those categories.

Procedures governing loan applications have been published as Title 49, Chapter IX, Part 921 of the U.S. Code of Federal Regulations. To date, two such applications have been received. The Missouri-Kansas-Texas Railroad Company (KATY) has requested a \$21 mil-

lion loan and the Chicago Rock Island & Pacific Railroad (Rock Island) has requested a \$100 million loan.

The KATY request is currently under review. The Rock Island has been offered a secured \$9.1 million loan to meet its working capital requirements from railroads which connect with railroads in the Region.

Section 213

Section 213 of the Act authorizes the Secretary of Transportation to provide up to \$85 million in emergency assistance to railroads in reorganization pending implementation of the Final System Plan. As stated in the Act, the Secretary is authorized to "pay to the trustees of railroads in reorganization such sums as are necessary for the continued provision of essential transportation services by such railroads. Such payments shall be made by the Secretary upon such reasonable terms and conditions as the Secretary establishes, except that recipients must agree to maintain and provide service at a level no less than that in effect on the date of enactment of this Act."

Although the Association has no statutory responsibility for such grants, it is working closely with the Department of Transportation in determination of the need for the continuing services and the need of the carrier for the assistance. All of the \$85 million of authorized funds has been appropriated, and the Secretary to date has committed grants totaling \$81.5 million.

Five railroads in reorganization have received Section 213 commitments to enable them to continue essential services: Penn Central has received \$62.5 million; Central of New Jersey has received \$12.2 million; the Lehigh & Hudson River has received \$341,000; the Lehigh Valley has received \$5.0 million; and the Ann Arbor \$1.4 million (Table 1).

Under the proposed amendment, the funding available under Section 213 would be increased significantly above the current level of \$85 million.

TABLE 1.—Obligations and outlays under Section 213, Regional Rail Reorganization Act of 1973

(Status as of February 6, 1975)

Total funds authorized			\$85,000,000.00
Total funds appropriated			85,000,000.00
Total funds obligated/committed			81,454,003.42
Balance of appropriated funds available for obligation			3,545,996.58
Total outlays against obligations			78,271,272.42
	Obligations	Outlays	Available for drawdown
PC	\$62,518,003.42	\$62,518,003.42	\$
CNJ	12,245,000.00	9,353,000.00	\$2,892,000.00
LV	5,000,000.00	5,000,000.00	\$
AA	1,350,000.00	1,200,000.00	150,000.00
L&HR	341,000.00	200,269.00	140,731.00
Total	81,454,003.42	78,271,272.42	3,182,731.00

¹ Includes \$75,000 in "trust" account for rehabilitation of terminal area.

¹ Amendments have been proposed to Section 211 which, if enacted, would broaden the authorization to permit loans "for purpose of achieving the goals of the Act."

Section 215

Under Section 215 of the Act, funds are available to advance the process of rehabilitating the physical plants of the bankrupt carriers during the planning process and before ConRail starts operations. Section 215 presently authorizes interim assistance of up to \$150 million, although an amendment to the Act has been proposed in the Congress to raise the total to \$300 million. The Secretary of Transportation is authorized by Section 215, with the approval of the Association, to enter into agreements with railroads in reorganization for the acquisition, maintenance or improvement of bankrupt carriers' facilities and equipment which will be acquired by ConRail.

Under the present language of Section 215 of the Act, the Association provides the necessary financing through the issuance of obligations which ConRail is required to assume at the time of conveyance of properties from the bankrupts to ConRail. The assistance is limited to improvements in properties that will be in the Final System Plan. This assistance must be provided in such a manner that ConRail, in eventually acquiring the property, will not be required to pay for that portion of the value of the properties attributable to the improvements financed through Section 215.

The proposed legislation contains an amendment to the Act which would also allow the Secretary, with the approval of the Association, to finance program maintenance, to acquire rail properties of the bankrupts for lease back to the railroads, to acquire interests in rail properties owned or leased to such railroads and to purchase money obligations of the bankrupts.

The Association has been working with the eligible railroads to establish priorities for use of the Section 215 funds. Recognizing that ConRail will assume most of these obligations, priority is being given to expenditures that will maximize the future performance of ConRail. The Association, with the approval of the Secretary, will designate in the Final System Plan those obligations which will be refinanced on different terms and from those obligations, if any, from which the Corporation shall be released.

Expenditures will go to assure the continuity of service, improve track or facility standards, reduce current losses of the bankrupt carriers and permit future benefits to ConRail. On January 16, 1975, the Section 215 capital program was approved by the Association (Table 2) as described in the following paragraphs:

- The Association approved an agreement between DOT and the trustees of the Lehigh Valley Railroad to acquire 12 new 2,250 horsepower General Electric diesel electric locomotives, series 723B, at a cost of \$3.4 million. The new engines replace 18 aged units owned by the company. The Association authorized the issuance of its obligations to finance

the purchase of the locomotives which were delivered in December and leased to the Lehigh Valley. The new equipment is presently owned by ConRail and will be used in the rail system established under the Final System Plan.

- The Central of New Jersey requested \$21.3 million for locomotives, freight cars and track rehabilitation. The Association determined that only rehabilitation in the terminal and port area could be considered as definitely in the Final System Plan, and an amount of \$2.5 million was allocated. The implementation of this project is being negotiated as a part of the Association's track rehabilitation program for 1975.
- The original application from the Penn Central totaled \$210 million for a capital expenditure program, which was envisioned as an additive program to the Penn Central's planned program maintenance and capital improvements. However, due to the downturn in the economy, the cash position of the Penn Central deteriorated to a point which made achievement of the level of program maintenance and capital improvement from the railroad's own resources highly improbable.

As a result, the Association, DOT and the Penn Central operating staff cooperated in reviewing the immediate needs of the railroad and developing a two-phase program aimed at retarding the deterioration of the physical plant and improving operations, safety and service.

Phase one of the program has allocated \$119.1 million to be spent on the Penn Central from the present \$150 million Section 215 authorization. This amount is divided into two categories:

TABLE 2.—Section 215—capital program, assuming \$300 million appropriation

	Items approved	Items suggested for additional funding with approval at a later date
Right-of-way rehabilitation material:		
Tie (2.1 million).....	\$29.0	
Rail (32,000 tons).....	16.0	
Labor and other.....	25.0	
Total.....	70.0	\$65
Capital projects and yard rehabilitation:		
Penn Central.....	49.1	
Central of New Jersey.....	2.5	
Total.....	51.6	23
M of W machinery and cars.....	25.0	
Lehigh Valley locomotives.....	3.4	
Equipment obligations.....		62
Total.....	150.0	150

- \$70 million for material required to carry out the Penn Central's 1975 programed maintenance and a portion of the program's labor costs;
- \$49.1 million for capital improvements and yard rehabilitation projects.

Also, in order to assure the railroad's capacity and capability for programed maintenance, an expenditure of \$25 million has been authorized for the purchase of machinery and support equipment.

Phase two of the program involves the proposed \$150 million increase in Section 215 authorization. Of the additional funds, \$65 million will be required to complete the programed maintenance, \$23 million for completion of the capital improvement projects and \$62 million to meet the equipment obligations of the Penn Central.

The phase two program has been designed with the flexibility to allow its completion with reduced overall objectives if the additional Section 215 authorization fails to materialize.

The Reading originally applied for \$44 million to acquire 1,750 freight cars and 30 diesel locomotives. Later, the Reading was able to arrange its own financing for the locomotives and reduced its application to \$36 million for the freight cars. The Reading is also negotiating to arrange its own financing for the freight cars.

On January 28, 1975, the Secretary received an application from the Reading for an estimated \$5.7 million to be used for rehabilitation of the railroad's fixed plant. This application is being reviewed by the Association as a possible substitution for other projects.

Sections 402 and 403

Section 402 provides up to \$180 million (\$90 million in each of 2 years) to assist the Midwestern and Northeastern states in operating rail services over properties that will not be included in the Final System Plan, but which the states deem necessary in order to prevent unemployment, energy shortages and degradation of the environment. Section 403 authorizes loans under Section 211 to assist states or local or regional transportation authorities in acquiring and modernizing properties not recommended for inclusion in the Final System Plan but required for continuation of local services.

Section 509

Section 509 authorizes an aggregate sum of \$250 million for payment of benefits to protected employees of the bankrupt railroads and railroads acquiring properties under the Final System Plan. ConRail, USRA (where applicable) and acquiring railroads, as the case may be, are responsible for the actual payment of all allowances, expenses and costs to protected employees. However, protective costs provided in the Act are subject to reimbursements by the Railroad Retirement

Board from a separate account maintained in the Treasury of the United States.

The service continuation subsidies (Section 402) and employee protection benefits (Section 509) are considered in other parts of this report and not dealt with in this chapter.

Strategy for Use of Funds

It now seems likely that the demand for funds to support upgrading or service continuation plans will exceed the amount of funds available under the Act. The Association has attempted, therefore, to develop priorities and criteria for committing funds under the current funding limitations of the Act as well as to project additional funding needs.

Provisions of the Act allow for interim and permanent financing of railroads in the Region. The Association has approached both the interim and permanent financing from two viewpoints:

- Given the operational needs of the regional rail system, how can these requirements best be funded? Consideration must be given to both the private and public capital markets through utilization of the Act's current provisions as well as possible requirements which go beyond the Act and could only be satisfied by additional government support.
- Given the funds available under the Act as well as from private sources, how can these monies best be allocated? The Association is applying customary financial criteria to these issues, while recognizing its obligation to consider the totality of the Act's objectives, of which economic viability of the restructured rail system is but one. Financial decisions are to be made by the Association both prior to conveyance of assets to ConRail and subsequent to such conveyance. The approach to each decision will differ in several respects.

Preconveyance Projects

Preconveyance funds are available to eligible carriers under Sections 211, 213 and 215 of the Act. Selection of preconveyance projects necessitates compiling a data base of capital expenditure requests from field personnel of USRA, Penn Central, the other railroads in reorganization and certain connecting carriers.

Most of the expenditure requests of the railroads in reorganization were previously either approved or disapproved by trustees, although some projects apparently never were considered because of funding limitations. Of those approved, some were to be funded internally, while others were to be submitted to USRA and DOT for consideration as Section 215 projects.

The rationale used by the trustees of the railroads in reorganization for project selection was reviewed by

USRA. The Association has given particular consideration to the compatibility of expenditure requests with the requirements of the Act that a financially self-sustaining rail system be developed. For this reason, projects not considered by the railroads in reorganization due to lack of funds are now being reconsidered from the perspective of ConRail as a whole. The Association also is reconsidering projects that were disqualified because the payback would have occurred after conveyance.

The USRA and DOT have given high priority to expenditures that will improve track and yard conditions. This position is conditioned upon the ability of the eligible railroads to carry out programs of normal maintenance, which then would be supplemented by Section 211 or 215 funds. The USRA preconveyance analysis process recognizes the high priority of roadbed rehabilitation, while not ignoring the importance of revenue equipment, locomotives and yard or service improvements.

Postconveyance Projects

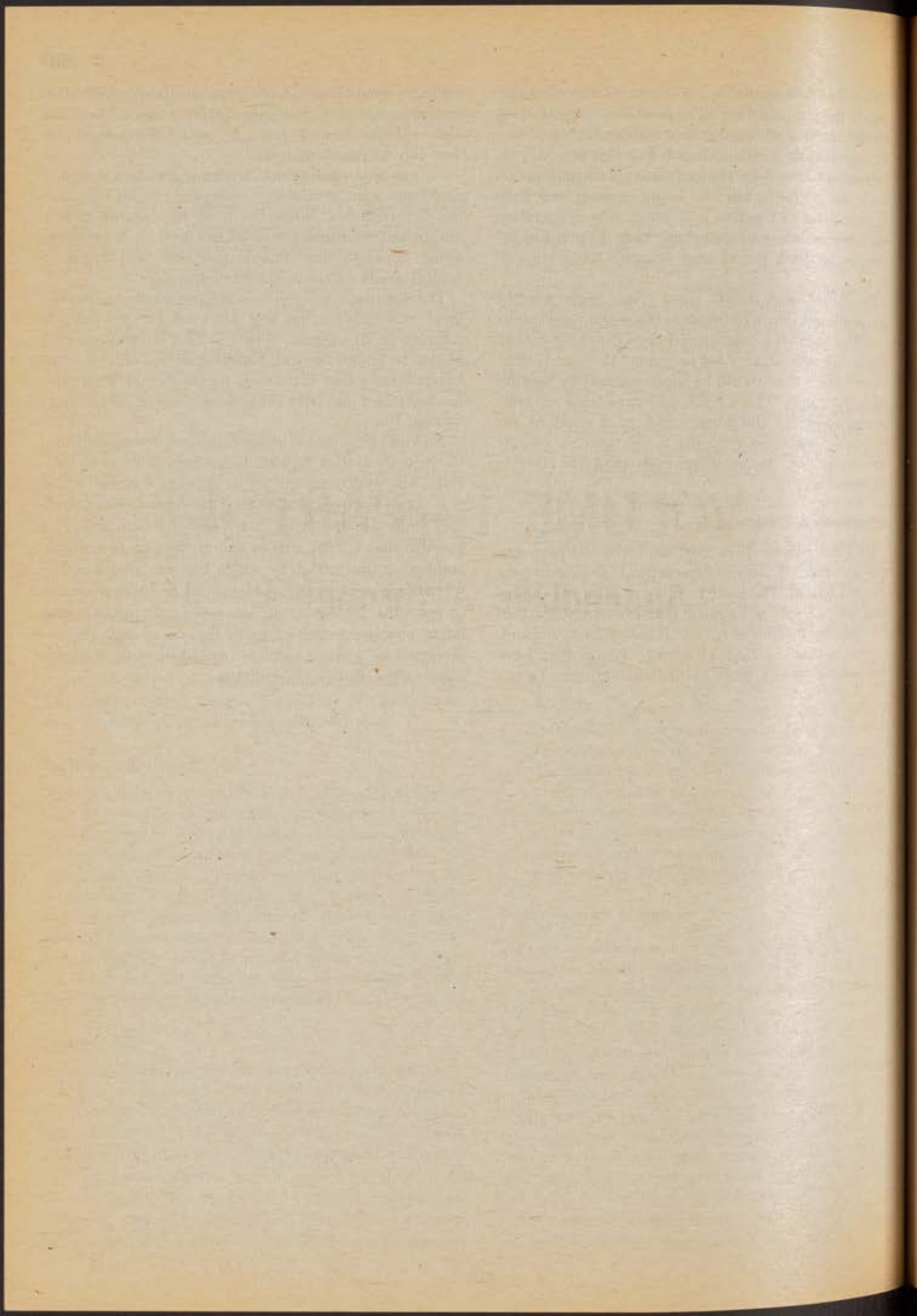
The Final System Plan will set forth the planning guidelines which determined the capital investment program of ConRail. The basic techniques of capital budgeting analysis will be applied with some modification to account for the unique nature of the problem at hand. Projects included in the Preliminary System Plan have been selected on the basis of financial criteria (when

sufficient quantifiable data were available) and other economic, operational or managerial criteria. The financial evaluations were made by using discounted cash flow rate-of-return analysis.

As has been pointed out in earlier chapters, a significant issue is the availability of capital to meet the funding requirements. Since the need for capital exceeds authorized resources, provision has been made for developing a capital investment plan that will prioritize capital needs of the rehabilitated system.

The approach will selectively downgrade the overall level of rehabilitation and abandon certain projects completely. At the present time USRA is developing the ability to undertake cost/benefit analyses on line rehabilitation as a part of network rehabilitation. This work has been used partially for inclusion in the Preliminary System Plan.

An analytical tool is being developed for establishing the priority system for capital investment loans to ConRail. The approach will be to develop a model which will divide the bankrupt estates into subsections of roadway and evaluate rehabilitation costs for each unit. It is possible that USRA will be able to develop techniques, employing this model, by which the cost of upgrading a track segment to various levels of rehabilitation can be specified. For example, improvements in the model might enable determinations of the cost of replacing all the track on a given segment instead of replacing only those rails in the worst condition.



VOLUME I—PART 4

Appendixes A through I

APPENDIX A

Regional Health Organization

Act of 1913

VOLUME I - PART 4

Appendixes A through I

APPENDIX A

Regional Rail Reorganization
Act of 1973

Public Law 93-236
93rd Congress, H. R. 9142
January 2, 1974

An Act

87 STAT. 985

To authorize and direct the maintenance of adequate and efficient rail services in the Midwest and Northeast region of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles and sections according to the following table of contents, may be cited as the "Regional Rail Reorganization Act of 1973".

Regional Rail
Reorganization
Act of 1973.

TABLE OF CONTENTS

TITLE I—GENERAL PROVISIONS

- Sec. 101. Declaration of policy.
Sec. 102. Definitions.

TITLE II—UNITED STATES RAILWAY ASSOCIATION

- Sec. 201. Formation and structure.
Sec. 202. General powers and duties of the Association.
Sec. 203. Access to information.
Sec. 204. Report.
Sec. 205. Rail Services Planning Office.
Sec. 206. Final system plan.
Sec. 207. Adoption of final system plan.
Sec. 208. Review by Congress.
Sec. 209. Judicial review.
Sec. 210. Obligations of the Association.
Sec. 211. Loans.
Sec. 212. Records, audit, and examination.
Sec. 213. Emergency assistance pending implementation.
Sec. 214. Authorization for appropriations.
Sec. 215. Maintenance and improvement of plant.

TITLE III—CONSOLIDATED RAIL CORPORATION

- Sec. 301. Formation and structure.
Sec. 302. Powers and duties of the Corporation.
Sec. 303. Valuation and conveyance of rail properties.
Sec. 304. Termination of rail service.

TITLE IV—LOCAL RAIL SERVICES

- Sec. 401. Findings and purposes.
Sec. 402. Rail service continuation subsidies.
Sec. 403. Acquisition and modernization loans.

TITLE V—EMPLOYEE PROTECTION

- Sec. 501. Definitions.
Sec. 502. Employment offers.
Sec. 503. Assignment of work.
Sec. 504. Collective-bargaining agreements.
Sec. 505. Employee protection.
Sec. 506. Contracting out.
Sec. 507. Arbitration.
Sec. 508. Acquiring railroads.
Sec. 509. Payment of benefits.

TITLE VI—MISCELLANEOUS PROVISIONS

- Sec. 601. Relationship to other laws.
Sec. 602. Annual evaluation by the Secretary.
Sec. 603. Freight rates for recyclables.
Sec. 604. Separability.

DECLARATION OF POLICY

Sec. 101. (a) FINDINGS.—The Congress finds and declares that—

(1) Essential rail service in the Midwest and Northeast region of the United States is provided by railroads which are today insolvent and attempting to undergo reorganization under the Bankruptcy Act.

30 Stat. 544,
11 USC 1 note.

(2) This essential rail service is threatened with cessation or significant curtailment because of the inability of the trustees of such railroads to formulate acceptable plans of reorganization. This rail service is operated over rail properties which were acquired for a public use, but which have been permitted to deteriorate and now require extensive rehabilitation and modernization.

(3) The public convenience and necessity require adequate and efficient rail service in this region and throughout the Nation to meet the needs of commerce, the national defense, the environment, and the service requirements of passengers, United States mail, shippers, States and their political subdivisions, and consumers.

(4) Continuation and improvement of essential rail service in this region is also necessary to preserve and maintain adequate national rail services and an efficient national rail transportation system.

(5) Rail service and rail transportation offer economic and environmental advantages with respect to land use, air pollution, noise levels, energy efficiency and conservation, resource allocation, safety, and cost per ton-mile of movement to such extent that the preservation and maintenance of adequate and efficient rail service is in the national interest.

(6) These needs cannot be met without substantial action by the Federal Government.

(b) PURPOSES.—It is therefore declared to be the purpose of Congress in this Act to provide for—

(1) the identification of a rail service system in the Midwest and Northeast region which is adequate to meet the needs and service requirements of this region and of the national rail transportation system;

(2) the reorganization of railroads in this region into an economically viable system capable of providing adequate and efficient rail service to the region;

(3) the establishment of the United States Railway Association, with enumerated powers and responsibilities;

(4) the establishment of the Consolidated Rail Corporation, with enumerated powers and responsibilities;

(5) assistance to States and local and regional transportation authorities for continuation of local rail services threatened with cessation; and

(6) necessary Federal financial assistance at the lowest possible cost to the general taxpayer.

DEFINITIONS

Sec. 102. As used in this Act, unless the context otherwise requires—

(1) "Association" means the United States Railway Association, established under section 301 of this Act;

(2) "Commission" means the Interstate Commerce Commission;

(3) "Corporation" means the Consolidated Rail Corporation required to be established under section 301 of this Act;

(4) "effective date of the final system plan" means the date on which the final system plan or any revised final system plan is deemed approved by Congress, in accordance with section 308 of this Act;

(5) "employee stock ownership plan" means a technique of corporate finance that uses a stock bonus trust or a company stock money purchase pension trust which qualifies under section 401 (a) of the Internal Revenue Code of 1954 (26 U.S.C. 401(a)) in connection with the financing of corporate improvements, transfers in the ownership of corporate assets, and other capital requirements of a corporation and which is designed to build beneficial equity ownership of shares in the employer corporation into its employees substantially in proportion to their relative incomes, without requiring any cash outlay, any reduction in pay or other employee benefits, or the surrender of any other rights on the part of such employees.

(6) "final system plan" means the plan of reorganization for the restructure, rehabilitation, and modernization of railroads in reorganization prepared pursuant to section 306 and approved pursuant to section 308 of this Act;

(7) "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth;

(8) "Office" means the Rail Services Planning Office established under section 305 of this Act;

(9) "profitable railroad" means a railroad which is not a railroad in reorganization. The term does not include the Corporation, the National Railroad Passenger Corporation, or a railroad leased, operated, or controlled by a railroad in reorganization in the region;

(10) "rail properties" means assets or rights owned, leased, or otherwise controlled by a railroad which are used or useful in rail transportation service; except that the term, when used in conjunction with the phrase "railroads leased, operated, or controlled by a railroad in reorganization," shall not include assets or rights owned, leased, or otherwise controlled by a Class I railroad which is not wholly owned, operated, or leased by a railroad in reorganization but is controlled by a railroad in reorganization;

(11) "railroad" means a common carrier by railroad as defined in section 1(3) of part I of the Interstate Commerce Act (49 U.S.C. 1(3)). The term includes the Corporation and the National Railroad Passenger Corporation;

(12) "railroad in reorganization" means a railroad which is subject to a bankruptcy proceeding and which has not been determined by a court to be reorganizable or not subject to reorganization pursuant to this Act as prescribed in section 307(b) of this Act. A "bankruptcy proceeding" includes a proceeding pursuant to section 77 of the Bankruptcy Act (11 U.S.C. 77) and an equity receivership or equivalent proceeding;

(13) "Region" means the States of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Ohio, Indiana, Michigan, and Illinois; the District of Columbia; and those portions of contiguous States in which are located rail properties owned or operated by railroads doing business primarily in the aforementioned jurisdictions (as determined by the Commission by order);

(14) "Secretary" means the Secretary of Transportation or his delegate, unless the context indicates otherwise; and

(15) "State" means any State or the District of Columbia.

88 Stat. 134;
76 Stat. 809.

49 Stat. 911;
76 Stat. 572.

TITLE II—UNITED STATES RAILWAY ASSOCIATION

FORMATION AND STRUCTURE

SEC. 201. (a) ESTABLISHMENT.—There is established, in accordance with the provisions of this section, an incorporated nonprofit association to be known as the United States Railway Association.

(b) ADMINISTRATION.—The Association shall be directed by a Board of Directors. The individuals designated, pursuant to subsection (d) of this section, as the Government members of such Board shall be deemed the incorporators of the Association and shall take whatever steps are necessary to establish the Association, including filing of articles of incorporation, and serving as an acting Board of Directors for a period of not more than 45 days after the date of incorporation of the Association.

(c) STATUS.—The Association shall be a government corporation of the District of Columbia subject to the extent not inconsistent with this title, to the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1001 et seq.). Except as otherwise provided, employees of the Association shall not be deemed employees of the Federal Government. The Association shall have succession until dissolved by Act of Congress, shall maintain its principal office in the District of Columbia, and shall be deemed to be a resident of the District of Columbia with respect to venue in any legal proceeding.

(d) BOARD OF DIRECTORS.—The Board of Directors of the Association shall consist of 11 individuals, as follows:

- (1) the Chairman, a qualified individual who shall be appointed by the President, by and with the advice and consent of the Senate;
- (2) three Government members, who shall be the Secretary, the Chairman of the Commission, and the Secretary of the Treasury, or their duly authorized representatives; and
- (3) seven nongovernment members, who shall be appointed by the President, by and with the advice and consent of the Senate, on the following basis—

- (A) one to be selected from a list of qualified individuals recommended by the Association of American Railroads or its successor who are representatives of profitable railroads;
- (B) one to be selected from a list of qualified individuals recommended by the American Federation of Labor and Congress of Industrial Organizations or its successor who are representative of railroad labor;
- (C) one to be selected from a list of qualified individuals recommended by the National Governors' Conference;
- (D) one to be selected from a list of qualified individuals recommended by the National League of Cities and Conference of Mayors;
- (E) two to be selected from lists of qualified individuals recommended by shippers and organizations representative of significant shipping interests including small shippers;
- (F) one to be selected from lists of qualified individuals recommended by financial institutions, the financial community, and recognized financial leaders.

As used in this paragraph, a list of qualified individuals shall consist of not less than three individuals.

Except for the members appointed under paragraphs (1) and (3) (A), (B), (E), and (F), no member of the Board may have any employment or other direct financial relationship with any railroad. A member of the Board who is not otherwise an employee of the Fed-

eral Government may receive \$900 per diem when engaged in the actual performance of his duties plus reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties.

(e) TERMS OF OFFICE.—The terms of office of the nongovernment members of the Board of Directors of the Association first taking office shall expire as designated by the President at the time of nomination—two at the end of the second year; two at the end of the fourth year; and three at the end of the sixth year. The term of office of the Chairman of such Board shall be 6 years. Successors to members of such Board shall be appointed in the same manner as the original members and, except in the case of government members, shall have terms of office expiring 6 years from the date of expiration of the terms for which their predecessors were appointed. Any individual appointed to fill a vacancy occurring prior to the expiration of any term of office shall be appointed for the remainder of that term.

(f) QUORUM.—Beginning 45 days after the date of incorporation of the Association, six members of the Board, including three of the nongovernment members, shall constitute a quorum for the transaction of any function of the Association.

(g) PRESIDENT.—The Board of Directors of the Association, upon the recommendation of the Secretary, shall appoint a qualified individual to serve as the President of the Association at the pleasure of the Board. The President of the Association, subject to the direction of the Board, shall manage and supervise the affairs of the Association.

(h) EXECUTIVE COMMITTEE.—The Board of Directors of the Association shall have an executive committee which shall consist of the Chairman of the Board, the Secretary, the Chairman of the Commission, and two other members who shall be selected by the members of the Board.

(i) MISCELLANEOUS.—(1) The Association shall have a seal which shall be judicially recognized.

(2) The Administrator of General Services shall furnish the Association with such offices, equipment, supplies, and services as he is authorized to furnish to any other agency or instrumentality of the United States.

(3) The Secretary is authorized to transfer to the Association or the Corporation rights in intellectual property which are directly related to the conduct of the functions of the Association or the Corporation, to the extent that the Federal Government has such rights and to the extent that transfer is necessary to carry out the purposes of this Act.

(j) USE OF NAMES.—No person, except the Association, shall hereafter use the words "United States Railway Association" as a name for any business purpose. No person, except the corporation directed to be established under section 301 of this Act, shall hereafter use the words "Consolidated Rail Corporation" as a name for any business purpose. Violations of these provisions may be enjoined by any court of general jurisdiction in an action commenced by the Association or the Corporation. In any such action, the Association or the Corporation may recover any actual damages flowing from such violation, and, in addition, shall be entitled to punitive damages (regardless of the existence or nonexistence of actual damage) in an amount not to exceed \$100 for each day during which such violation was committed. The district courts of the United States shall have jurisdiction over actions brought under this subsection, without regard to the amount in controversy or the citizenship of the parties.

Penalty.

Compensation.

GENERAL POWERS AND DUTIES OF THE ASSOCIATION

SEC. 302. (a) GENERAL.—To carry out the purposes of this Act, the Association is authorized to—

- (1) engage in the preparation and implementation of the final system plan;
- (2) issue obligations under section 210 of this title and make loans under section 211 of this title;

(3) provide assistance to States and local or regional transportation authorities in accordance with section 403 of this Act; (4) sue and be sued, complain and defend, in the name of the Association and through its own attorneys; adopt, amend, and repeal bylaws governing the operation of the Association and such rules and regulations as are necessary to carry out the authority granted under this Act; conduct its affairs, carry on operations, and maintain offices;

(5) appoint, fix the compensation, and assign the duties of such attorneys, agents, consultants, and other full- and part-time employees as it deems necessary or appropriate; except that (1) no officer of the Association, including the Chairman, may receive compensation at a rate in excess of that prescribed for level I of the Executive Schedule under section 5312 of title 5, United States Code; and (2) no individual may hold a position in violation of regulations which the Secretary shall establish to avoid conflicts of interest and to protect the interests of the public;

(6) acquire and hold such real and personal property as it deems necessary or appropriate in the exercise of its responsibilities under this Act, and to dispose of any such property held by it; (7) consult with the Secretary of the Army and the Chief of Engineers and request the assistance of the Corps of Engineers, and the Secretary of the Army may direct the Corps of Engineers to cooperate fully with the Association, the Corporation, or any entity designated in accordance with section 206(c)(1)(C) in order to carry out the purposes of this Act;

(8) consult on an ongoing basis with the Chairman of the Federal Trade Commission and the Attorney General to assess the possible anticompetitive effects of various proposals and to negotiate provisions which would, to the greatest extent practicable in accordance with the purposes of this Act and the goal set forth in section 206(a)(5) of this title, alleviate any such anticompetitive effects;

(9) consult with representatives of science, industry, agriculture, labor, environmental protection and consumer organizations, and other groups, as it deems advisable; and (10) enter into, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its functions and duties with any person (including a government entity).

(b) DUTIES.—In addition to its duties and responsibilities under other provisions of this Act, the Association shall—

- (1) prepare a survey of existing rail services in the region, including patterns of traffic movement; traffic density over identified lines; pertinent costs and revenues of lines; and plant, equipment, and facilities (including yards and terminals);
- (2) prepare an economic and operational study and analysis of present and future rail service needs in the region; the nature and volume of the traffic in the region now being moved by rail or

likely to be moved by rail in the future; the extent to which available alternative modes of transportation could move such traffic as is now carried by railroads in reorganization; the relative economic, social, and environmental costs that would be involved in the use of such available alternative modes, including energy resource costs; and the competitive or other effects on profitable railroads;

(3) prepare a study of rail passenger services in the region, in terms of scope and quality;

(4) consider the views of the Office and of all government officials and persons who submit views, reports, or testimony under section 205(d)(1) of this title or in the course of proceedings conducted by the Office;

(5) consider methods of achieving economies in the cost of rail system operations in the region including consolidation, pooling, and joint use or operation of lines, facilities, and operating equipment; relocation; rehabilitation and modernization of equipment, track, and other facilities; and abandonment of lines consistent with meeting needs and service requirements; together with the anticipated economic, social, and environmental costs and benefits of each such method;

(6) consider the effect on railroad employees of any restructuring of rail services in the region;

(7) make available to the Secretary, the Director of the Office and appropriate committees of the Congress all studies, data, and other information acquired or developed by the Association.

(c) INVESTMENT OR FINANCIAL.—Uncommitted funds of the Association shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other investments which are lawful investments for fiduciary, trust, or public funds.

(d) EXEMPTION FROM TAXATION.—The Association, including its franchise, capital reserves, surplus, security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, any commonwealth, territory, dependency, or possession thereof, or by any State or political subdivision thereof, except that any real property of the Association shall be subject to taxation to the same extent according to its value as other real property is taxed.

(e) ANNUAL REPORT.—The Association shall transmit to the Congress and the President, not later than 90 days after the end of each fiscal year, a comprehensive and detailed report on all activities of the Association during the preceding fiscal year. Each such report shall include (1) the Association's statement of specific and detailed objectives for the activities and programs conducted and assisted under this Act; (2) statements of the Association's conclusions as to the effectiveness of such activities and programs in meeting the stated objectives and the purposes of this Act, measured through the end of the preceding fiscal year; (3) recommendations with respect to any legislation or administrative action which the Association deems necessary or desirable; (4) a statistical compilation of the obligations issued and loans made under this Act; (5) a summary of outstanding problems confronting the Association, in order of priority; (6) all other information required to be submitted to the Congress pursuant to any other provision of this Act; and (7) the Association's projections and plans for its activities and programs during the next fiscal year.

(f) BUDGET.—The receipts and disbursements of the Association (other than administrative expenses referred to in subsection (g) of

Report to Congress and President.

the details of the discharge of its functions shall not be included in the budget of the United States Government, and shall be exempt from any annual expenditure and not lending (budget outlays) limitations imposed on a budget of the United States Government. The Chairman of the Association shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Association. The Chairman shall report annually to the Congress the amount of net lending of the Association, which would be included in the totals of the budgets of the United States Government, if the Association's activities were not excluded from those totals as a result of this section.

(g) **ACCOMPLISHMENT.**—(1) Section 201 of the Government Corporation Control Act (31 U.S.C. 856) is amended by striking out "and" at the end of clause (6) and by inserting immediately before the period at the end thereof the following: "; (8) the United States Railway Association".

(2) The Chairman of the Association shall transmit annually to the Office of Management and Budget a budget for administrative expenses of the Association. Whenever the Association submits any budget estimate or request to the Office of Management and Budget, it shall concurrently transmit a copy of the estimate or request to the Congress. Within budgetary constraints of the Congress, the maximum feasible and prudent budgetary flexibility shall be provided to the Association to permit effective operations.

ACCESS TO INFORMATION

Sec. 203. (a) **PLANES.**—Each railroad operating in the region shall provide such relevant information as may be requested by the Secretary, the Office, or the Association in connection with the performance of their respective functions under any provision of this Act. No information may be requested under this subsection after the effective date of the final system plan.

(b) **OTHER.**—Each railroad or other person or government entity seeking financial assistance from the Association shall maintain and make available such records, make and submit such reports, and provide such data, materials, or other relevant information as may be requested by the Association.

(c) **EXEMPTION.**—Where authorized under subsection (a) or (b) of this section and upon presenting appropriate credentials and a written notice of inspection authority, any officer or employee duly designated by the Secretary, the Office, or the Association may, at reasonable times, inspect records, papers, processes, rolling stock, systems, equipment, or facilities and may, in furtherance of their respective functions under this Act, hold such hearings, sit and act at such times and places, administer such oaths, and require by subpoena or other order the attendance and testimony of such witnesses and the production of such information as is deemed advisable. Subpoenas shall be issued under the signature of the Secretary, the Director of the Office, or the Chairman or President of the Association and may be served by any duly designated individual. In case of contumacy or refusal to obey such a subpoena or order by any person who resides, is found, or transacts business within the jurisdiction of any district court of the United States, such district court shall, upon petition, have jurisdiction to issue to such person an order requiring him to comply forthwith. Failure to obey such an order is punishable by such court as a contempt of court.

(d) **CONSENT.**—Nothing in this section shall authorize the withholding of information from any duly authorized committee of the Congress.

REPORT

Sec. 204. (a) **PREPARATION.**—Within 30 days after the date of enactment of this Act, the Secretary shall prepare a comprehensive report containing his conclusions and recommendations with respect to the geographic zones within the region in and between which rail service should be provided and the criteria upon which such conclusions and recommendations are based. The Secretary may use as a basis for the identification of such geographic zones the standard metropolitan statistical areas, groups of such areas, counties, or groups of counties having similar economic characteristics such as mining, manufacturing, or farming.

(b) **SEMINAR.**—The Secretary shall submit the report required by subsection (a) of this section to the Office, the Association, the Governor and public utilities commission of each State studied in the report, local governments, consumer organizations, environmental groups, the public, and the Congress. The Secretary shall further cause a copy of the report to be published in the Federal Register.

Publication in
Federal Register
144.

RAIL SERVICES PLANNING OFFICE

Sec. 205. (a) **ESTABLISHMENT.**—There is established, on the date of enactment of this Act, a new Office in the Commission to be known as the Rail Services Planning Office. The Office shall function continuously pursuant to the provisions of this Act, and shall cease to exist 5 years after the date of enactment of this Act. The Office shall be administered by a director.

(b) **DIRECTOR.**—The Director of the Office shall be appointed by the Chairman of the Commission with the concurrence of 5 members of the Commission. The Director of the Office shall administer and be responsible for the discharge of the functions and duties of the Office from the date he takes office unless removed for cause by the Commission. He shall be compensated at a rate to be set by the Chairman of the Commission without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, but at a rate not in excess of the maximum rate for GS-18 of the General Schedule under section 5303 of such title.

(c) **POWERS.**—The Director of the Office is subject to the direction of, and shall report to, such member of the Commission as the Chairman thereof shall designate. The Chairman may designate himself as such member. Such Director is authorized, with the concurrence of such member or (in case of disagreement) the Chairman of the Commission, to—

(1) appoint, fix the compensation, and assign the duties of employees of the Office without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and to procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed \$290 a day for qualified experts. Each department, agency, and instrumentality of the executive branch of the Federal Government and each independent regulatory agency of the United States is authorized and shall give careful consideration to a request to furnish to the Director of the Office, upon written request, on a reimbursable basis or otherwise, such assistance as the Director deems necessary to carry out the functions and duties of the Office. Such assistance includes transfer of personnel with their consent and without prejudice to their position and rating; and

50 Stat., 415.

5 USC 5302

207a.

87 STAT. 994

Contract author-
ity.

(2) enter into, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the functions and duties of the Office, with any person (including a government entity).

(d) **Duties.**—In addition to its duties, and responsibilities under other provisions of this Act, the Office shall—

(1) study and evaluate the Secretary's report on rail services in the region required under section 304(a) of this Act and submit its report thereon to the Association within 120 days after the date of enactment of this Act. The Office shall also solicit, study, and evaluate the views with respect to present and future rail service needs of the region from Governors of States within the region; mayors and chief executives of political subdivisions within such States; shippers; the Secretary of Defense; manufacturers, wholesalers, and retailers within the region; consumers of goods and products shipped by rail; and all other interested persons. The Office shall conduct public hearings to solicit comments on such report and to receive such views;

(2) employ and utilize the services of attorneys and such other personnel as may be required in order properly to protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location, might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under other provisions of this Act;

(3) within 180 days after the date of enactment of this Act, determine and publish standards for determining the "revenues attributable to the rail properties", the "avoidable costs of providing service", and "a reasonable return on the value", as those phrases are used in section 304 of this Act, after a proceeding in accordance with the provisions of section 553 of title 5, United States Code; and

(4) assist States and local and regional transportation agencies in making determinations whether to provide rail service continuation subsidies to maintain in operation particular rail properties by establishing criteria for determining whether particular rail properties are suitable for rail service continuation subsidies. Such criteria should include the following considerations: Rail properties are suitable if the cost of the required subsidy for such properties per year to the taxpayers is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational costs for alternative modes of transportation; the cost to the gross national product in terms of reduced output of goods and services; the cost of relocating or assisting through unemployment, retraining, and welfare benefits to individuals and firms adversely affected thereby; and the cost to the environment measured by damage caused by increased pollution.

FINAL SYSTEM PLAN

SEC. 306. (a) Goals.—The final system plan shall be formulated in such a way as to effectuate the following goals:

(1) the creation, through a process of reorganization, of a financially self-sustaining rail service system in the region;

(2) the establishment and maintenance of a rail service system adequate to meet the rail transportation needs and service requirements of the region;

87 STAT. 995

(3) the establishment of improved high-speed rail passenger service, consonant with the recommendations of the Secretary in his report of September 1971, entitled "Recommendations for Northeast Corridor Transportation";

(4) the preservation, to the extent consistent with other goals, of existing patterns of service by railroads (including short-line and terminal railroads), and of existing railroad trackage in areas in which fossil fuel natural resources are located, and the utilization of those modes of transportation in the region which require the smallest amount of scarce energy resources and which can most efficiently transport energy resources;

(5) the retention and promotion of competition in the provision of rail and other transportation services in the region;

(6) the attainment and maintenance of any environmental standards, particularly the applicable national ambient air quality standards and plans established under the Clean Air Act Amendments of 1970, taking into consideration the environmental impact of alternative choices of action;

(7) the movement of passengers and freight in rail transportation in the region in the most efficient manner consistent with safe operation, including the requirements of commuter and intercity rail passenger service; the extent to which there should be coordination with the National Railroad Passenger Corporation and similar entities; and the identification of all short-to-medium distance corridors in densely populated areas in which the major upgrading of rail lines for high-speed passenger operation would return substantial public benefits; and

(8) the minimization of job losses and associated increases in unemployment and community benefit costs in areas in the region presently served by rail service.

(b) **Factors.**—The final system plan shall be based upon due consideration of all factors relevant to the realization of the goals set forth in subsection (a) of this section. Such factors include the need for and the cost of rehabilitation and modernization of track, equipment, and other facilities; methods of achieving economies in the cost of rail operations in the region; means of achieving rationalization of rail services and the rail service system in the region; marketing studies; the impact on railroad employees; consumer needs; traffic analyses; financial studies; and any other factors identified by the Association under section 302(b) of this title or in the report of the Secretary required under section 304(a) of this title.

(c) **Dispositions.**—The final system plan shall designate—

(1) which rail properties of railroads in reorganization in the region or of railroads based, operated, or controlled by any railroad in reorganization in the region—

(A) shall be transferred to the Corporation;

(B) shall be offered for sale to a profitable railroad operating in the region and, if such offer is accepted, operated by such railroad; the plan shall designate what additions shall be made to the designation under subparagraph (A) of this paragraph in the event such profitable railroad fails to accept such offer;

(C) shall be purchased, leased, or otherwise acquired from the Corporation by the National Railroad Passenger Corporation in accordance with the exercise of its option under section 603(d) of this Act for improvement to achieve the goal set forth in subsection (a) (3) of this section;

84 Stat., 1876,
42 USC 1857b
note.

note, p. 990.

(D) may be purchased or leased from the Corporation by a State or a local or regional transportation authority to meet the needs of commuter and intercity rail passenger service; and

(E) if not otherwise required to be operated by the Corporation, a government entity, or a responsible person, are suitable for use for other public purposes, including highways, other forms of transportation, conservation, energy transmission, education or health care facilities, or recreation. In carrying out this subparagraph, the Association shall solicit the views and recommendations of the Secretary, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, and other agencies of the Federal Government and of the States and political subdivisions thereof within the region, and the general public; and

(2) which rail properties of profitable railroads operating in the region may be offered for sale to the Corporation or to other profitable railroads operating in the region subject to paragraphs (3) and (4) of subsection (d) of this section.

(d) Transfers.—All transfers or conveyances pursuant to the final system plan shall be made in accordance with, and subject to, the following principles:

(1) All rail properties to be transferred to the Corporation by a profitable railroad, by trustees of a railroad in reorganization, or by any railroad leased, operated, or controlled by a railroad in reorganization in the region, shall be transferred in exchange for stock and other securities of the Corporation (including obligations of the Association) and the other benefits accruing to such railroad by reason of such transfer.

(2) All rail properties to be conveyed to a profitable railroad operating in the region by trustees of a railroad in reorganization, or by any railroad leased, operated, or controlled by a railroad in reorganization in the region, shall be conveyed in exchange for compensation from the profitable railroad.

(3) Notwithstanding any other provision of this Act, no acquisition under this Act shall be made by any profitable railroad operating in the region without a determination with respect to each such transaction and all such transactions cumulatively (A) by the Association, upon adoption and release of the preliminary system plan, that such acquisition or acquisitions will not materially impair the profitability of any other profitable railroad operating in the region or of the Corporation, and (B) by the Commission, which shall be made within 90 days after adoption and release by the Association of the preliminary system plan, that such acquisition or acquisitions will be in full accord and comply with the provisions and standards of section 5 of part I of the Interstate Commerce Act (49 U.S.C. 5). The determination by the Association shall not be reviewable in any court. The determination by the Commission shall not be reviewable in any court.

(4) Where the final system plan designates specified rail properties of a railroad in reorganization in the region, or of a railroad leased, operated, or controlled by a railroad in reorganization in the region, to be offered for sale to and operated by a profitable railroad operating in the region, such designation shall terminate 30 days after the effective date of the final system plan unless, prior to such date, such profitable railroad has notified the Association in writing of its acceptance of such offer. Where the final

system plan designates specified rail properties of a profitable railroad operating in the region as authorized to be offered for sale or lease to the Corporation or to other profitable railroads operating in the region, such designation and authorization shall terminate 90 days after the effective date of the final system plan unless, prior to such date, a binding agreement with respect to such properties has been entered into and concluded.

(5) All properties sold by the Corporation pursuant to sections 306(c)(1)(C) and 601(d) of this Act shall be transferred at a value related to the value received for the transfer to the Corporation of such properties.

(c) Corporation Features.—The final system plan shall set forth—

(1) pro forma earnings for the Corporation, as reasonably projected and considering the additions or changes in the designation of rail properties to be operated by the Corporation which may be made under subsection (d)(4) of this section;

(2) the capital structure of the Corporation, based on the pro forma earnings of the Corporation as set forth, including such debt capitalization as shall be reasonably deemed to conform to the requirements of the public interest with respect to railroad debt securities, including the adequacy of coverage of fixed charges; and

(3) the manner in which employee stock ownership plans may, to the extent practicable, be utilized for meeting the capitalization requirements of the Corporation, taking into account (A) the relative cost savings compared to conventional methods of corporate finance; (B) the labor cost savings; (C) the potential for minimizing strikes and producing more harmonious relations between labor organizations and railway management; (D) the projected employee dividend incomes; (E) the impact on quality of service and prices to railway users; and (F) the promotion of the objectives of this Act of creating a financially self-sustaining railway system in the region which also meets the service needs of the region and the Nation.

(f) Value.—The final system plan shall designate the value of all rail properties to be transferred under the final system plan and the value of the securities and other benefits to be received for transferring these rail properties to the Corporation in accordance with the final system plan.

(g) Other Provisions.—The final system plan may recommend arrangements among various railroads for joint use or operation of rail properties on a shared ownership, cooperative, pooled, or condominium-type basis, subject to such terms and conditions as may be specified in the final system plan. The final system plan shall also make such designations as are determined to be necessary in accordance with the provisions of section 402 or 403 of this Act.

(h) Obligations to Association.—The final system plan shall recommend the amount of obligations of the Association which are necessary to enable it to implement the final system plan.

(i) Taxes and Concessions for Securities.—The final system plan may include terms and conditions for any securities to be issued by the Corporation in exchange for the conveyance of rail properties under the final system plan which in the judgment of the Association will minimize any actual or potential debt burden on the Corporation. Any such terms and conditions for securities of the Corporation which purport to directly obligate the Association shall not become effective without affirmative approval, with or without modification by a joint resolution of the Congress.

ADOPTION OF FINAL SYSTEM PLAN

SEC. 207. (a) PRELIMINARY SYSTEM PLAN.—(1) Within 200 days after the date of enactment of this Act, the Association shall adopt and release a preliminary system plan prepared by it on the basis of reports and other information submitted to it by the Secretary, the Office, and interested persons in accordance with this Act and on the basis of its own investigations, consultations, research, evaluation, and analysis pursuant to this Act. Copies of the preliminary system plan shall be transmitted by the Association to the Secretary, the Office, the Governor and public utility commission of each State in the region, the Congress, each court having jurisdiction over a railroad in reorganization in the region, the special court, and interested persons, and a copy shall be published in the Federal Register. The Association shall invite and afford interested persons an opportunity to submit comments on the preliminary system plan to the Association within 60 days after the date of its release.

(2) The Office is authorized and directed to hold public hearings on the preliminary system plan and to make available to the Association a summary and analysis of the evidence received in the course of such proceedings, together with its critique and evaluation of the preliminary system plan, not later than 60 days after the date of release of such plan.

(b) APPROVAL.—Within 120 days after the date of enactment of this Act each United States district court or other court having jurisdiction over a railroad in reorganization shall decide whether the railroad is reorganizable on an income basis within a reasonable time under section 77 of the Bankruptcy Act (11 U.S.C. 205) and that the public interest would be better served by continuing the present reorganization proceedings than by a reorganization under this Act. Within 60 days after the submission of the report by the Office, under section 206(d)(1) of this title, on the Secretary's report on rail services in the region, each United States district court or other court having jurisdiction over a railroad in reorganization shall decide whether or not such railroad shall be reorganized by means of transferring some of its rail properties to the Corporation pursuant to the provisions of this Act. Because of the strong public interest in the continuance of rail transportation in the region pursuant to a system plan devised under the provisions of this Act, each such court shall order that the reorganization be proceeded with pursuant to this Act unless it (1) has found that the railroad is reorganizable on an income basis within a reasonable time under section 77 of the Bankruptcy Act (11 U.S.C. 205) and that the public interest would be better served by such a reorganization than by a reorganization under this Act, or (2) finds that this Act does not provide a process which would be fair and equitable to the estate of the railroad in reorganization in which case it shall dismiss the reorganization proceeding. If a court does not enter an order or make a finding as required by this subsection, the reorganization shall be proceeded with pursuant to this Act. An appeal from an order made under this section may be made only to the special court. Appeal to the special court shall be taken within 10 days following entry of an order pursuant to this subsection, and the special court shall complete its review and render its decision within 80 days after such appeal is taken. There shall be no review of the decision of the special court.

(c) ASSESSMENT.—Within 420 days after the date of enactment of this Act, the executive committee of the Association shall prepare and submit a final system plan for the approval of the Board of Directors of the Association. A copy of such submission shall be simultaneously

Copies transmitted to Congress.

Publication in Federal Register.

Public hearings.

49 Stat., 911; 76 Stat., 572.

presented to the Commission. The submission shall reflect evaluation of all responses and summaries of responses received, testimony at any public hearings, and the results of additional study and review. Within 30 days thereafter, the Board of Directors of the Association shall by a majority vote of all its members approve a final system plan which meets all of the requirements of section 206 of this title.

(d) REVIEW OR COMMISSION.—Within 30 days following the adoption of the final system plan by the Association under subsection (c) of this section and the submission of such plan to Congress under section 208(a) of this title, the Commission shall submit to the Congress an evaluation of the final system plan delivered to both Houses of Congress.

REVIEW BY CONGRESS

SEC. 208. (a) GENERAL.—The Board of Directors of the Association shall deliver the final system plan adopted by the Association to both Houses of Congress and to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate. The final system plan shall be deemed approved at the end of the first period of 60 calendar days of continuous session of Congress after such date of transmittal unless either the House of Representatives or the Senate passes a resolution during such period stating that it does not favor the final system plan.

(b) REVISION PLAN.—If either the House or the Senate passes a resolution of disapproval under subsection (a) of this section, the Association, with the cooperation and assistance of the Secretary and the Office, shall prepare, determine, and adopt a revised final system plan. Each such revised plan shall be submitted to Congress for review pursuant to subsection (a) of this section.

(c) COMPLETION.—For purposes of this section—

- (1) continuity of session of Congress is broken only by an adjournment sine die; and
- (2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60-day period.

JUDICIAL REVIEW

SEC. 209. (a) GENERAL.—Notwithstanding any other provision of law, the final system plan which is adopted by the Association and which becomes effective after review by the Congress is not subject to review by any court except in accordance with this section. After the final system plan becomes effective under section 208 of this title, it may be reviewed with respect to matters concerning the value of the rail properties to be conveyed under the plan and the value of the consideration to be received for such properties.

(b) SPECIAL COURT.—Within 30 days after the date of enactment of this Act, the Association shall make application to the judicial panel on multi-district litigation authorized by section 1407 of title 28, United States Code, for the consolidation in a single, three-judge district court of the United States of all judicial proceedings with respect to the final system plan. Within 30 days after such application is received, the panel shall make the consolidation in a district court (called herein as the "special court") which the panel determines to be convenient to the parties and the one most likely to be able to conduct any proceedings under this section with the least delay and the greatest possible fairness and ability. Such proceedings shall be conducted by the special court which shall be composed of three Federal judges who shall be selected by the panel, except that none of the judges selected

may be a judge assigned to a proceeding involving any railroad in reorganization in the region under section 17 of the Bankruptcy Act (11 U.S.C. 205). The special court is authorized to exercise the powers of a district judge in any judicial district with respect to such proceedings and such powers shall include those of a reorganization court. The special court shall have the power to order the conveyance of rail properties of railroads leased, operated, or controlled by a railroad in reorganization in the region. The panel may issue rules for the conduct of its functions under this subsection. No determination by the panel under this subsection may be reviewed in any court.

(c) **DELIVERY OF PLAN TO SPECIAL COURT.**—Within 90 days after its effective date, the Association shall deliver a certified copy of the final system plan to the special court and shall certify to the special court—

(1) which rail properties of the respective railroads in reorganization in the region and of any railroad leased, operated, or controlled by such railroads in reorganization are to be transferred to the Corporation, in accordance with the final system plan;

(2) which rail properties of the respective railroads in reorganization in the region or railroads leased, operated, or controlled by such railroads in reorganization are to be conveyed to profitable railroads, in accordance with the final system plan;

(3) the amount, terms, and value of the securities of the Corporation (including any obligations of the Association) to be exchanged for those rail properties to be transferred to the Corporation pursuant to the final system plan; and as indicated in paragraph (1) of this subsection; and

(4) that the transfer of rail properties in exchange for securities of the Corporation (including any obligations of the Association) and other benefits is fair and equitable and in the public interest.

(d) **BANKRUPTCY COURTS.**—Within 90 days after its effective date, the Association shall deliver a certified copy of the final system plan to each district court of the United States or any other court having jurisdiction over a railroad in reorganization in the region and shall certify to each such court—

(1) which rail properties of that railroad in reorganization are to be transferred to the Corporation under the final system plan; and

(2) which rail properties of that railroad in reorganization, if any, are to be conveyed to profitable railroads operating in the region, under the final system plan.

CELEBRATIONS OF THE ASSOCIATION

SEC. 210. (a) GENERAL.—To carry out the purposes of this Act, the Association is authorized to issue bonds, debentures, trust certificates, securities, or other obligations (herein cited as "obligations") in accordance with this section. Such obligations shall have such maturities and bear such rate or rates of interest as are determined by the Association with the approval of the Secretary of the Treasury. Such obligations shall be redeemable at the option of the Association prior to maturity in the manner stipulated in each such obligation, and may be purchased by the Association in the open market at a price which is reasonable.

(b) **MAXIMUM OBLIGATIONS AUTHORITY.**—Except as otherwise provided in the last sentence of this subsection, the aggregate amount of obligations of the Association issued under this section which may be outstanding at any one time shall not exceed \$1,500,000,000 of which the aggregate amount issued to the Corporation shall not exceed

\$1,000,000,000. Of the aggregate amount of obligations issued to the Corporation by the Association, not less than \$500,000,000 shall be available solely for the rehabilitation and modernization of rail properties acquired by the Corporation under this Act and not disposed of by the Corporation pursuant to section 206(c)(1)(C) of this Act. Any modification to the limitations set forth in this subsection shall be made by joint resolution adopted by the Congress.

(c) **GUARANTEES.**—The Secretary shall guarantee the payment of principal and interest on all obligations issued by the Association in accordance with this Act and which the Association requests be guaranteed.

(d) **VALUITY.**—No obligation issued by the Association under this section shall be terminated, canceled, or otherwise revoked, except in accordance with lawful terms and conditions prescribed by the Association. Such an obligation shall be conclusive evidence that it is in compliance with this section, has been approved, and is legal as to principal, interest, and other terms. An obligation of the Association shall be valid and incontestable in the hands of a holder, except as to fraud, duress, mutual mistake of fact, or material misrepresentation by or involving such holder.

(e) **THE SECRETARY OF THE TREASURY.**—If at any time the moneys available to the Secretary are insufficient to enable him to discharge his responsibilities under subsection (c) of this section, he shall issue notes or other obligations to the Secretary of the Treasury in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such obligations shall bear interest at a rate to be determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such obligations. The Secretary of the Treasury is authorized and directed to purchase any such obligations and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under such Act are extended to include any purchase of notes or other obligations issued under this subsection. At any time, the Secretary of the Treasury may sell any such obligations, and all sales, purchases, and redemptions of such obligations by the Secretary of the Treasury shall be treated as public debt transactions of the United States.

(f) **AUTHORIZATIONS FOR APPROPRIATIONS.**—There are hereby authorized to be appropriated to the Secretary such amounts as are necessary to discharge the obligations of the United States arising under this section.

(g) **LAWFUL INVESTMENTS.**—All obligations issued by the Association shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof. All such obligations issued pursuant to this section shall be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

LOANS

SEC. 211. (a) GENERAL.—The Association is authorized, in accordance with the provisions of this section and such rules and regulations as it shall prescribe, to make loans to the Corporation, the National Railroad Passenger Corporation, and other railroads (including a

87 STAT. 1002

49 Stat., 911;
76 Stat., 572;
11 USC 205.

Railroad in reorganization which has been found to be reorganizable under section 77 of the Bankruptcy Act pursuant to section 207(b) of this title) in the region, for purposes of assisting in the implementation of the final system plan; to a State or local or regional transportation authority pursuant to section 403 of this Act; and to provide assistance in the form of loans to any railroad which (A) connects with a railroad in reorganization, and (B) is in need of financial assistance to avoid reorganization proceedings under section 77 of the Bankruptcy Act (11 U.S.C. 205). No such loan shall be made by the Association to a railroad unless such loans shall, where applicable, be treated as an expense of administration. The rights referred to in the last sentence of section 77(j) of the Bankruptcy Act (11 U.S.C. 205(j)) shall in no way be affected by this Act.

(b) **ADMINISTRATION.**—Each application for such a loan shall be made in writing to the Association in such form and with such content and other submissions as the Association shall prescribe to protect reasonably the interests of the United States. The Association shall publish a notice of the receipt of each such application in the Federal Register and shall afford interested persons an opportunity to comment thereon.

(c) **TERMS AND CONDITIONS.**—Each loan shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Association deems appropriate. Such loan shall bear interest at a rate not less than the greater of a rate determined by the Secretary of the Treasury taking into consideration (1) the rate prevailing in the private market for similar loans as determined by the Secretary of the Treasury, or (2) the current average yield on outstanding marketable obligations of the Association with remaining periods of maturity comparable to the average maturities of such loans, plus such additional charge, if any, toward covering costs of the Association as the Association may determine to be consistent with the purposes of this Act.

(d) **MODIFICATION.**—The Association is authorized to approve any modification of any provision of a loan under this section, including the rate of interest, time of payment of interest or principal, security, or any other term or condition, upon agreement of the recipient of the loan and upon a finding by the Association that such modification is equitable and necessary or appropriate to achieve the policy declared in subsection (f) of this section.

(e) **PERFECTION.**—The Association shall make a finding in writing, before making a loan to any applicant under this section, that—

- (1) the loan is necessary to carry out the final system plan or to prevent insolvency;
- (2) it is satisfied that the business affairs of the applicant will be conducted in a reasonable and prudent manner; and
- (3) the applicant has offered such security as the Association deems necessary to protect reasonably the interests of the United States.

(f) **POWER.**—It is the intent of Congress that loans made under this section shall be made on terms and conditions which furnish reasonable assurance that the Corporation or the railroads to which such loans are granted will be able to repay them within the time fixed and that the goals of the final system plan are reasonably likely to be achieved.

RECORDS, AUDIT, AND EXAMINATION

Sec. 212. (a) **RECORDS.**—Each recipient of financial assistance under this title, whether in the form of loans, obligations, or other arrangements, shall keep such records as the Association or the Secretary shall prescribe, including records which fully disclose the amount and dis-

position by such recipient of the proceeds of such assistance and such other records as will facilitate an effective audit.

(b) **AUDIT AND EXAMINATION.**—The Association, the Secretary, and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after the implementation of the final system plan, have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients which in the opinion of the Association, the Secretary, or the Comptroller General may be related or pertinent to the loans, obligations or other arrangements referred to in subsection (a) of this section. The Association or any of its duly authorized representatives shall, until any financial assistance received under this title has been repaid to the Association, have access to any such materials which concern any matter that may bear upon—

- (1) the ability of the recipient of such financial assistance to make repayment within the time fixed therefor;
- (2) the effectiveness with which the proceeds of such assistance is used; and
- (3) the implementation of the final system plan and the realization of the declaration of policy of this Act.

EMERGENCY ASSISTANCE FUNDING IMPLEMENTATION

Sec. 213. (a) **EMERGENCY ASSISTANCE.**—The Secretary is authorized, pending the implementation of the final system plan, to pay to the trustees of railroads in reorganization such sums as are necessary for the continued provision of essential transportation services by such railroads. Such payments shall be made by the Secretary upon such reasonable terms and conditions as the Secretary establishes, except that recipients must agree to maintain and provide service at a level no less than that in effect on the date of enactment of this Act.

(b) **APPROPRIATION FOR APPROPRIATIONS.**—There are authorized to be appropriated to the Secretary for carrying out this section such sums as are necessary, not to exceed \$85,000,000, to remain available until expended.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 214. (a) **SECRETARY.**—There are authorized to be appropriated to the Secretary for purposes of preparing the reports and exercising other functions to be performed by him under this Act such sums as are necessary, not to exceed \$12,500,000, to remain available until expended.

(b) **OFFICE.**—There are authorized to be appropriated to the Commission for the use of the Office in carrying out its functions under this Act such sums as are necessary, not to exceed \$5,000,000, to remain available until expended. The budget for the Office shall be submitted by the Commission directly to the Congress and shall not be subject to review of any kind by any other agency or official of the United States. Moneys appropriated for the Office shall not be withheld by any agency or official of the United States or used by the Commission for any purpose other than the use of the Office. No part of any other moneys appropriated to the Commission shall be withheld by any other agency or official of the United States to offset any moneys appropriated pursuant to this subsection.

(c) **ASSOCIATION.**—There are authorized to be appropriated to the Association for purposes of carrying out its administrative expenses under this Act such sums as are necessary, not to exceed \$25,000,000, to remain available until expended.

Budget sub-
mittal to
Congress.

MAINTENANCE AND IMPROVEMENT OF PLANT

SEC. 215. Prior to the date upon which rail properties are conveyed to the Corporation under this Act, the Secretary, with the approval of the Association, is authorized to enter into agreements with railroads in reorganization in the region (or railroads leased, operated, or controlled by railroads in reorganization) for the acquisition, maintenance, or improvement of railroad facilities and equipment necessary to improve property that will be in the final system plan. Agreements entered into pursuant to this section shall specifically identify the type and quality of improvements to be made pursuant to such agreements. Notwithstanding section 210(b) of this title, the Association shall issue obligations under section 210(a) of this title in an amount sufficient to finance such agreements and shall require the Corporation to assume any such obligations. However, the Association may not issue obligations under this section in an aggregate amount in excess of \$150,000,000. The Secretary may not enter into any agreements under this section until he issues regulations setting forth procedures and guidelines for the administration of this section. The Corporation shall not be required under title III of this Act to compensate any railroad in reorganization for that portion of the value of rail properties transferred to it under this Act which is attributable to the acquisition, maintenance, or improvement of such properties under this section.

41 Stat. 1000.

TITLE III—CONSOLIDATED RAIL CORPORATION

FORMATION AND STRUCTURE

SEC. 301. (a) ESTABLISHMENT.—There shall be established within 300 days after the date of enactment of this Act, in accordance with the provisions of this section, a corporation to be known as the Consolidated Rail Corporation.

(b) STATUS.—The Corporation shall be a for-profit corporation established under the laws of a State and shall not be an agency or instrumentality of the Federal Government. The Corporation shall be deemed a common carrier by railroad under section 1(3) of the Interstate Commerce Act (49 U.S.C. 1(3)), shall be subject to the provisions of this Act and, to the extent not inconsistent with such Acts, shall be subject to applicable State law. The principal office of the Corporation shall be located in Philadelphia in the Commonwealth of Pennsylvania.

(c) INCORPORATION.—The members of the executive committee of the Association shall be the incorporators of the Corporation and shall take whatever steps are necessary to establish the Corporation, including the filing of articles of incorporation. The incorporators shall also serve as the Board of Directors of the Corporation until the stock and other securities of the Corporation are distributed to the estates of the railroads in accordance with section 303(c) of this title and shall adopt the initial bylaws of the Corporation.

(d) BOARD OF DIRECTORS.—The Board of Directors of the Corporation shall consist of 15 individuals selected in accordance with the articles and bylaws of the Corporation: *Provided*, That so long as 50 per centum or more, as determined by the Secretary of the Treasury, of the outstanding indebtedness of the Corporation consists of obligations of the Association or other debts owing to or guaranteed by the United States, three of the members of such board shall be the Secretary, the Chairman and the President of the Association and five of the members of such board shall be individuals appointed as such by the President, by and with the advice and consent of the Senate.

(e) INITIAL CAPITALIZATION.—In order to carry out the final system plan the Corporation is authorized to issue stock and other securities. Common stock shall be issued initially to the estates of railroads in reorganization in the region in exchange for rail properties conveyed to the Corporation pursuant to the final system plan. Nothing in this subsection shall preclude the Corporation from repurchasing the common stock initially issued through payments out of profits in order to establish an employee stock ownership plan; and nothing in this subsection shall preclude the recipients of common stock initially issued from establishing an employee stock ownership plan.

(f) ASSET AND EXPENSES.—So long as 50 per centum or more, as determined by the Secretary of the Treasury, of the outstanding indebtedness of the Corporation consists of obligations of the Association or other debts owing to or guaranteed by the United States, the Corporation shall be subject to the provisions of the Government Corporation Control Act for the purposes of a Federal Government audit. Section 201 of the Government Corporation Control Act (31 U.S.C. 856) is amended by inserting at the end thereof the following: "and (9) the Consolidated Rail Corporation to the extent provided in the Regional Rail Reorganization Act of 1973."

(g) ANNUAL REPORT.—The Corporation shall transmit to the Congress and the President, not later than 90 days after the end of each fiscal year, a comprehensive and detailed report on all activities and accomplishments of the Corporation during the preceding fiscal year.

41 Stat. 992.

Report to Congress and President.

POWERS AND DUTIES OF THE CORPORATION

SEC. 302. The Corporation shall have all of the powers and is subject to all of the duties vested in it under this Act, in addition to the powers conferred upon it under the laws of the State or States in which it is incorporated and the powers of a railroad in any State in which it operates. The Corporation is authorized and directed to—

- (a) acquire rail properties designated in the final system plan to be transferred or conveyed to it;
 - (b) operate rail service over such rail properties except as provided under sections 304(e) and 601(d)(3) of this Act;
 - (c) rehabilitate, improve, and modernize such rail properties; and
 - (d) maintain adequate and efficient rail services.
- So long as 50 per centum or more, as determined by the Secretary of the Treasury, of the outstanding indebtedness of the Corporation consists of obligations of the Association or other debts owing to or guaranteed by the United States, the Corporation shall not engage in activities which are not related to transportation.

VALUATION AND CONVEYANCE OF RAIL PROPERTIES

SEC. 303. (a) DIRECTOR WITHIN COCKER.—Within 10 days after delivery of a certified copy of a final system plan pursuant to section 300(c) of this Act—

- (1) the Corporation, in exchange for the rail properties of the railroads in reorganization in the region and of railroads leased, operated, or controlled by railroads in reorganization in the region to be transferred to the Corporation, shall deposit with the special court all of the stock and other securities of the Corporation and obligations of the Association designated in the final system plan to be exchanged for such rail properties;
- (2) each profitable railroad operating in the region purchasing rail properties from a railroad in reorganization in the region, or from a railroad leased, operated, or controlled by a railroad in

reorganization in the region, as provided in the final system plan shall deposit with the special court the compensation to be paid for such rail properties.

(b) CONVEYANCE OR RAIL PROPERTIES.—(1) The special court shall, within 10 days after deposit under subsection (a) of this section of the securities of the Corporation, obligations of the Association, and compensation from the profitable railroads operating in the region, order the trustee or trustees of each railroad in reorganization in the region to convey forthwith to the Corporation and the respective profitable railroads operating in the region, all right, title, and interest in the rail properties of such railroad in reorganization and shall itself order the conveyance of all right, title, and interest in the rail properties of any railroad leased, operated, or controlled by such railroad in reorganization that are to be conveyed to them under the final system plan as certified to such court under section 209(d) of this Act.

(2) All rail properties conveyed to the Corporation and the respective profitable railroads operating in the region under this section shall be conveyed free and clear of any liens or encumbrances, but subject to such leases and agreements as shall have previously burdened such properties or bound the owner or operator thereof in pursuance of an arrangement with any State, or local or regional transportation authority under which financial support from such State, or local or regional transportation authority was being provided at the time of enactment of this Act for the continuance of rail passenger service or any lien or encumbrance of no greater than 5 years' duration which is necessary for the contractual performance by any person of duties related to public health or sanitation. Such conveyances shall not be restrained or enjoined by any court.

(3) Notwithstanding anything to the contrary contained in this Act, if railroad rolling stock is included in the rail properties to be conveyed, such conveyance may only be effected if the profitable railroad operating in the region or the Corporation to whom the conveyance is made assumes all of the obligations under any conditional sale agreement, equipment trust agreement, or lease in respect to such rolling stock and such conveyance is made subject thereto; and the provisions of this Act shall not affect the title and interests of any lessor, equipment trust trustee, or conditional sale vendee or assignee under such conditional sale agreement, equipment trust agreement or lease under section 77(j) of the Bankruptcy Act (11 U.S.C. 205(j)).

(4) Notwithstanding anything to the contrary contained in this Act, if a railroad in reorganization has leased rail properties from a lessor that is neither a railroad nor controlled by or affiliated with a railroad, and such lease has been approved by the lessee railroad's reorganization court prior to the date of enactment of this Act, conveyance of such lease may only be effected if the Corporation or the profitable railroad to whom the conveyance is made assumes all of the terms and conditions specified in the lease, including the obligation to pay the specified rent to the non-railroad lessor.

(c) FINDINGS AND DETERMINATION.—(1) After the rail properties have been conveyed to the Corporation and profitable railroads operating in the region under subsection (b) of this section, the special court, giving due consideration to the findings contained in the final system plan, shall decide—

(A) whether the transfers or conveyances—

- (i) of rail properties of each railroad in reorganization, or of each railroad leased, operated, or controlled by a railroad in reorganization, to the Corporation in exchange for the securities and the other benefits accruing to such rail-

road as a result of such exchange, as provided in the final system plan and this Act, and

(ii) of rail properties of each railroad in reorganization, or of each railroad leased, operated, or controlled by a railroad in reorganization, to a profitable railroad operating in the region, in accordance with the final system plan,

are in the public interest and are fair and equitable to the estate of each railroad in reorganization in accordance with the standard of fairness and equity applicable to the approval of a plan of reorganization or a step in such a plan under section 77 of the Bankruptcy Act (11 U.S.C. 205), or fair and equitable to a railroad that is not itself in reorganization but which is leased, operated, or controlled by a railroad in reorganization; and

(B) whether the transfers or conveyances are more fair and equitable than is required as a constitutional minimum.

(2) If the special court finds that the terms of one or more exchanges for securities and other benefits are not fair and equitable to an estate of a railroad in reorganization, or to a railroad leased, operated, or controlled by a railroad in reorganization, which has transferred rail properties pursuant to the final system plan, it shall—

(A) enter a judgment reallocating the securities of the Corporation in a fair and equitable manner if it has not been fairly allocated among the railroads transferring rail properties to the Corporation; and

(B) if the lack of fairness and equity cannot be completely cured by a reallocation of the Corporation's securities, order the Corporation to provide for the transfer to the railroad of other securities of the Corporation or obligations of the Association as designated in the final system plan in such nature and amount as would make the exchange or exchanges fair and equitable; and

(C) if the lack of fairness and equity cannot be completely cured by reallocation of the Corporation's securities or by providing for the transfer of other securities of the Corporation or obligations of the Association as designated in the final system plan, enter a judgment against the Corporation.

(3) If the special court finds that the terms of one or more conveyances of rail properties to a profitable railroad operating in the region in accordance with the final system plan are not fair and equitable, it shall enter a judgment against such profitable railroad. If the special court finds that the terms of one or more conveyances or exchanges for securities or other benefits are fairer and more equitable than is required as a constitutional minimum, then it shall order the return of any excess securities, obligations, or compensation to the Corporation or a profitable railroad so as not to exceed the constitutional minimum standard of fairness and equity.

(4) Upon making the findings referred to in this subsection, the special court shall order distribution of the securities, obligations, and compensation deposited with it under subsection (b) of this section to the trustee or trustees of each railroad in reorganization in the region who conveyed right, title, and interest in rail properties to the Corporation and the respective profitable railroads under such subsection.

(d) APPEAL.—A finding or determination entered pursuant to subsection (c) of this section may be appealed directly to the Supreme Court of the United States in the same manner that an injunction order may be appealed under section 1253 of title 28, United States Code: *Provided*, That such appeal is exclusive and shall be filed in the Supreme Court not more than 5 days after such finding or determination is entered by the special court. The Supreme Court shall dismiss

(2) if a shipper, a State, the United States, a local or regional transportation authority, or any responsible person offers—

(A) a rail service continuation subsidy which covers the difference between the revenue attributable to such rail properties and the avoidable costs of providing service on such rail properties plus a reasonable return on the value of such rail properties;

(B) a rail service continuation subsidy which is payable pursuant to a lease or agreement with a State, or a local or regional transportation authority, under which financial support was being provided at the time of the enactment of this Act for the continuance of rail passenger service; or

(C) to purchase, pursuant to subsection (d) of this section, such rail properties in order to operate rail service over such properties.

If a rail service continuation subsidy is offered, the government or person offering the subsidy shall enter into an operating agreement with the Corporation or any responsible person (including a government entity) under which the Corporation or such person (including a government entity) will operate rail service over such rail properties and receive the difference between the revenue attributable to such rail properties and the avoidable costs of providing service on such rail properties and the trustee of any railroad in reorganization shall receive a reasonable rate of return on the value of any rail properties for which a rail service is operated under such subsidy.

(d) **PURCHASE.**—If an offer to purchase is made under subsection (c)(2)(C) of this section, such offer shall be accompanied by an offer of a rail service continuation subsidy. Such subsidy shall continue until the purchase transaction is completed, unless a railroad assumes operations over such rail properties on its own account pursuant to an order or authorization of the Commission. Whenever a railroad is reorganized in the region or a profitable railroad gives notice of intent to discontinue service pursuant to subsection (a) of this section, such railroad shall, upon the request of anyone apparently qualified to make a purchase offer promptly make available its most recent reports on the physical condition of such property together with such traffic and revenue data as would be required under subpart B of part 1121 of chapter X of title 49 of the Code of Federal Regulations and such other data necessary to ascertain the avoidable costs of providing service over such rail properties.

(e) **ABANDONMENT BY CORPORATION.**—After the rail system to be operated by the Corporation under the final system plan has been in operation for 2 years, the Commission may authorize the Corporation to abandon any rail properties as to which it determines that rail service over such properties is not required by the public convenience and necessity. The Commission may, at any time after the effective date of the final system plan, authorize additional rail service in the region or authorize the abandonment of rail properties which are not being operated by the Corporation or by any other person. Determinations by the Commission under this subsection shall be made pursuant to applicable provisions of the Interstate Commerce Act (49 U.S.C. 1).

(f) **INTERSTATE ABANDONMENT.**—After the date of enactment of this Act, no railroad in reorganization may discontinue service or abandon any line of railroad other than in accordance with the provisions of this Act, unless it is authorized to do so by the Association and unless no affected State or local or regional transportation authority reasonably opposes such action, notwithstanding any provision of any other Federal law, the constitution or law of any State, or decision or order of, or the pendency of any proceeding before any Federal or State court, agency, or authority.

TERMINATION OF RAIL SERVICE

SEC. 304. (a) DISCONTINUANCE.—Except as provided in subsections (c) and (f) of this section, (1) rail service on rail properties of a railroad in the region which transfers to the Corporation or to profitable railroads operating in the region all or substantially all of its rail properties designated for such conveyance in the final system plan, and (2) rail service on rail properties of a profitable railroad operating in the region which transfers substantially all of its rail properties to the Corporation or to other railroads pursuant to the final system plan may be discontinued to the extent such discontinuance is not precluded by the terms of the leases and agreements referred to in section 303(b)(2) of this title if—

(A) the final system plan does not designate rail service to be operated over such rail properties; and

(B) not more than 30 days following the effective date of the final system plan the trustee or trustees of the applicable railroad in reorganization or a profitable railroad give notice in writing of intent to discontinue such rail service on a date certain which is not less than 60 days after the date of such notice; and

(C) the notice required by paragraph (B) of this subsection is sent by certified mail to the Governor and State transportation agencies of each State and to the government of each political subdivision of each State in which such rail properties are located and to each shipper who has used such rail service during the previous 12 months.

(b) **ABANDONMENT.**—(1) Rail properties over which rail service has been discontinued under subsection (a) of this section may not be abandoned sooner than 120 days after the effective date of such discontinuance except as provided in subsections (c) and (f) of this section. Thereafter, except as provided in subsection (c) of this section, such rail properties may be abandoned upon 30 days' notice in writing to all those required to receive notice under paragraph (2)(C) of subsection (a) of this section.

(2) In any case in which rail properties proposed to be abandoned under this section are designated by the final system plan as rail properties which are suitable for use for other public purposes (including roads or highways, other forms of mass transportation, conservation, and recreation), such rail properties shall not be sold, leased, exchanged, or otherwise disposed of during the 180-day period beginning on the date of notice of proposed abandonment under this section unless such rail properties have first been offered, upon reasonable terms, for acquisition for public purposes.

(c) **LEASING.**—Rail service may be discontinued and rail properties may be abandoned under subsections (a) and (b) of this section notwithstanding any provision of the Interstate Commerce Act (49 U.S.C. 1 et seq.) or the constitution or law of any State or the decision of any court or administrative agency of the United States or of any State. No rail service may be discontinued and no rail properties may be abandoned pursuant to this section—

(1) after 2 years from the effective date of the final system plan or more than 2 years after the final payment of any rail service continuation subsidy is received, whichever is later; or

(1) the State has established a State plan for rail transportation and local rail services which is administered or coordinated by a designated State agency and such plan provides for the equitable distribution of such subsidies among State, local, and regional transportation authorities;

(2) the State agency has authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail services; employs or will employ, directly or indirectly, sufficient trained and qualified personnel; and maintains or will maintain adequate programs of investigation, research, promotion, and development with provision for public participation;

(3) the State provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this title to the State; and

(4) the State complies with the regulations of the Secretary issued under this section.

(d) **REVENUES.**—Within 90 days after the date of enactment of this Act, the Secretary shall issue, and may from time to time amend, regulations with respect to basic and discretionary rail service continuation subsidies.

(e) **PAYMENT.**—The Secretary shall pay to each State in the region an amount equal to its entitlement under subsection (b) (1) of this section. Any amounts which are not expended or committed by a State pursuant to subsection (b) during the ensuing fiscal year shall be returned by such State to the Secretary, who may use such amounts in accordance with subsection (b) (2) of this section.

(f) **TAXES.**—A rail service continuation subsidy between a State, or a local or regional authority, and the Corporation or other responsible person (including a government entity) may not exceed a term of 2 years.

(g) **REVENUE, AUDIT, AND EXAMINATION.**—(1) Each recipient of financial assistance under this section, whether in the form of grants, subgrants, contracts, subcontracts, or other arrangements, shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

(2) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in paragraph (1) of this subsection, have access for the purpose of audit and examination to any books, documents, papers, and records of such recipient which in the opinion of the Secretary or the Comptroller General may be related or pertinent to the grants, contracts, or other arrangements referred to in such paragraph.

(b) **WITHHOLDING.**—If the Secretary, after reasonable notice and opportunity for a hearing to any State agency, finds that a State is not eligible for rail service continuation subsidies under subsections (c) and (d) of this section, payment to such State shall not be made until there is no longer any failure to comply.

(i) **APPROPRIATION FOR ARRANGEMENTS.**—(1) There is authorized to be appropriated to carry out the purposes of this section such sums as are necessary, not to exceed \$90,000,000 for each of the 2 fiscal years including and following the effective date of the final system plan. Such sums as are appropriated shall remain available until expended.

TITLE IV—LOCAL RAIL SERVICES

FINDINGS AND PURPOSE

Sec. 401. (a) **FINDINGS.**—The Congress finds and declares that—

(1) The Nation is facing an energy shortage of acute proportions in the next decade.

(2) Railroads are one of the most energy-efficient modes of transportation for the movement of passengers and freight and cause the least amount of pollution.

(3) Abandonment, termination, or substantial reduction of rail service in any locality will adversely affect the Nation's long-term and immediate goals with respect to energy conservation and environmental protection.

(4) Under certain circumstances the cost to the taxpayers of rail service continuation subsidies would be less than the cost of abandonment of rail service in terms of lost jobs, energy shortages, and degradation of the environment.

(b) **PURPOSE.**—Therefore, it is declared to be the purpose of the Congress to authorize the Secretary to maintain a program of rail service continuation subsidies.

RAIL SERVICE CONTINUATION SUBSIDIES

Sec. 402. (a) **GENERAL.**—The Secretary shall provide financial assistance in accordance with this section for the purpose of rail service continuation subsidies. For purposes of subsection (b) (1) of this section the Federal share of a rail service continuation subsidy shall be 70 per centum and the State share shall be 30 per centum. For purposes of subsection (b) (2) of this section a State receiving discretionary assistance shall be required to contribute at least 30 per centum of the cost of the program for which the Federal assistance is provided.

(b) **ENTITLEMENT.**—(1) Each State in the region is entitled to an amount for rail service continuation subsidies from 50 per centum of the sums appropriated each fiscal year for such purpose in the ratio which the total rail mileage in such State, as determined by the Secretary and measured in point-to-point length (excluding yard tracks and sidings), bears to the total rail mileage in all the States in the region, measured in the same manner, except that the entitlement of each State shall be no less than 3 per centum, and the entitlement of no State shall be more than 10 per centum, of 50 per centum of the funds appropriated. In the event that the total amount allocated under this formula, due to the application of the maximum and minimum limitations which it establishes, is greater or less than 50 per centum of the funds appropriated, the excess or deficiency, as the case may be, shall be added to or deducted from the Secretary's discretionary fund provided for in paragraph (2) of this subsection. The entitlement of any State which is withheld in accordance with this section and any sums not used or committed by a State during the preceding fiscal year shall be paid into the discretionary fund provided for in paragraph (2) of this subsection.

(2) The Secretary is authorized to provide discretionary financial assistance to a State or a local or regional transportation authority in the region for the purpose of continuing local rail services, including assistance for the purposes enumerated in section 403 of this title.

(c) **EXAMINATION.**—A State in the region is eligible to receive rail service continuation subsidies pursuant to subsection (b) of this section in any fiscal year if—

which is represented by a labor organization that has been duly authorized or recognized pursuant to the Railway Labor Act as its representative for purposes of collective bargaining;

(5) "representative of a class or craft of employees" means a labor organization which has been duly authorized or recognized as the collective bargaining representative of a class or craft of employees pursuant to the Railway Labor Act;

(6) "deprived of employment" means the inability of a protected employee to obtain a position by the normal exercise of his seniority rights with the Corporation after properly electing to accept employment therewith or, the subsequent loss of a position and inability, by the normal exercise of his seniority rights under the applicable collective bargaining agreements, to obtain another position with the Corporation; *Provided, however*, That provisions in existing collective bargaining agreements of a railroad in reorganization, which do not require a protected employee, in the normal exercise of seniority rights, to make a change in residence, in order to maintain his position, will be preserved and will also be extended and be applicable to all other protected employees of that same craft or class. It shall not, however, include any deprivation of employment by reason of death, retirement, resignation, dismissal or disciplinary suspension for cause, failure to work due to illness or disability, nor any severance of employment covered by subsections (d) and (e) of section 503 of this title;

(7) "employee adversely affected with respect to his compensation" means a protected employee who suffers a reduction in compensation;

(8) "transaction" means actions taken pursuant to the provisions of this Act or the results thereof; and

(9) "change in residence" means transfer to a work location which is located either (A) outside a radius of 30 miles of the employee's former work location and farther from his residence than was his former work location or (B) is located more than 30 normal highway route miles from his residence and also farther from his residence than was his former work location.

EMPLOYMENT OFFERS

SEC. 502. (a) APPLICABLE LAW.—The Corporation and, where applicable, the Association shall be subject to the provisions of the Railway Labor Act and shall be considered employers for purposes of the Railroad Retirement Act, Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act. The Corporation, in addition, shall, except as otherwise specifically provided by this Act, be subject to all Federal and State laws and regulations applicable to carriers by railroad.

(b) MANDATORY OFFER.—The Corporation shall offer employment to be effective as of the date of a conveyance or discontinuance of service under the provisions of this Act, to each employee of a railroad in reorganization who has not already accepted an offer of employment by the Association, where applicable, or an acquiring railroad. Such offers of employment to employees represented by labor organizations will be confined to their same craft or class. The Corporation shall apply to said employees the protective provisions of this title.

(c) ASSOCIATION.—After the transfer of rail properties pursuant to section 503, the Association, in employing any additional employees, shall give priority consideration to employees of a railroad in reorganization and the provisions of this title shall apply to any such employees employed by the Association as if they were employees of the Corporation.

46 Stat., 1283.
26 USC 3201.
45 USC 367.

(2) One-half of the sums appropriated pursuant to the authorization of this subsection shall be reserved for allocation to States in the region under subsection (b) (1) of this section. One-half of the sums appropriated pursuant to the authorization of this subsection shall be reserved for distribution by the Secretary under subsection (b) (2) of this section.

(i) DEFINITION.—As used in this section, "rail service continuation subsidies" means subsidies calculated in accordance with the provisions of section 205(d) (3) of this Act to cover costs of operating adequate and efficient rail service, including where necessary improvement and maintenance of tracks and related facilities.

ACQUISITION AND REORGANIZATION LOANS

SEC. 403. (a) ACQUISITION.—If a State which is eligible for assistance under section 402(c) of this title or a local or regional transportation authority has made an offer to purchase any rail properties of a railroad pursuant to section 304(c) (2) (C) of this Act or other lawful authority, the Secretary is authorized to direct the Association to provide loans to such State or local or regional transportation authority not to exceed 70 per centum of the purchase price; *Provided, however*, That any recipient of such loan is no longer eligible for a rail service continuation subsidy pursuant to section 402 of this title.

(b) MODERNIZATION.—In addition to such acquisition loans, the Secretary is authorized to direct the Association to provide additional assistance not to exceed 70 per centum of the cost of restoring or repairing such rail properties to such condition as will enable safe and efficient rail transportation operations over such rail properties. Such financial assistance may be in the form of a loan or the guarantee of a loan. The Association shall provide such financial assistance as the Secretary may direct under this section and shall adopt regulations describing its procedures for such assistance. With the approval of the Secretary, a State may expend sums received by it under section 402 of this title for acquisition and modernization pursuant to this section.

TITLE V—EMPLOYEE PROTECTION

DEFINITIONS

SEC. 301. As used in this title unless the context otherwise requires—

(1) "acquiring railroad" means a railroad, except the Corporation, which seeks to acquire or has acquired, pursuant to the provisions of this Act, all or a part of the rail properties of one or more of the railroads in reorganization, the Corporation, or a profitable railroad;

(2) "employee of a railroad in reorganization" means a person who, on the effective date of a conveyance of rail properties of a railroad in reorganization to the Corporation or to an acquiring railroad, has an employment relationship with either said railroad in reorganization or any carrier (as defined in parts I and II of the Interstate Commerce Act) which is leased, controlled, or operated by the railroad in reorganization except a president, vice president, treasurer, secretary, comptroller, and any other person who performs functions corresponding to those performed by the foregoing officers;

(3) "protected employee" means any employee of an acquiring railroad adversely affected by a transaction and any employee of a railroad in reorganization who on the effective date of this Act have not reached age 65;

(4) "class or craft of employees" means a group of employees, recognized and treated as a unit for purposes of collective bargaining,

49 USC 1,
301.

Sec. 303. The Corporation shall have the right to assign, allocate, reassign, reallocate, and consolidate work formerly performed on the rail properties acquired pursuant to the provisions of this Act from a railroad in reorganization to any location, facility, or position on its system provided it does not remove said work from coverage of a collective bargaining agreement and does not infringe upon the existing classification of work rights of any craft or class of employees at the location or facility to which said work is assigned, allocated, reassigned, reallocated, or consolidated and shall have the right to transfer to an acquiring railroad the work incident to the rail properties or facilities acquired by said acquiring railroad pursuant to this Act, subject, however, to the provisions of section 308 of this title.

COLLECTIVE-BARGAINING AGREEMENTS

Sec. 304. (a) **INTERIM APPLICATION.**—Until completion of the agreements provided for under subsection (d) of this section, the Corporation shall, as though an original party thereto, assume and apply on the particular lines, properties, or facilities acquired all obligations under existing collective-bargaining agreements covering all crafts and classes employed thereon, except that the Agreement of May 1958, Washington, D.C., and provisions in other existing job stabilization agreements shall not be applicable to transactions effected pursuant to this Act with respect to which the provisions of section 303 of this title shall be superseding and controlling. During this period, employees of a railroad in reorganization who have seniority on the lines, properties, or facilities acquired by the Corporation pursuant to this Act shall have prior seniority roster rights on such acquired lines, properties, or facilities.

(b) **SINGLE IMPLEMENTING AGREEMENT.**—On or before the date of the adoption of the final system plan by the Board of Directors of the Association as provided in section 301(c) of this Act, the representatives of the various classes or crafts of the employees of a railroad in reorganization involved in a conveyance pursuant to this Act and representatives of the Corporation shall commence negotiation of a single implementing agreement for each class and craft of employees affected providing (1) the identification of the specific employees of the railroad in reorganization to whom the Corporation offers employment; (2) the procedure by which those employees of the railroad in reorganization may elect to accept employment with the Corporation; (3) the procedure for acceptance of such employees into the Corporation's employment and their assignment to positions on the Corporation's system; (4) the procedure for determining the seniority of such employees in their respective crafts or classes on the Corporation's system which shall, to the extent possible, preserve their prior seniority rights; and (5) the procedure for determining equitable adjustment in rates of comparable positions. If no agreement with respect to the matters referred to in this subsection is reached by the end of 90 days after the commencement of negotiations, the parties shall within an additional 10 days select a neutral referee and, in the event they are unable to agree upon the selection of such referee, then the National Mediation Board shall immediately appoint a referee. After a referee has been designated, a hearing on the dispute shall commence as soon as practicable. Not less than 10 days prior to the effective date of any conveyance pursuant to the provisions of

this Act, the referee shall resolve and decide all matters in dispute with respect to the negotiation of said implementing agreement or agreements and shall render a decision which shall be final and binding and shall constitute the implementing agreement or agreements between the parties with respect to the transaction involved. The salary and expenses of the referee shall be paid pursuant to the provisions of the Railway Labor Act.

(c) **REASONABLE NOTICE TO ORGANIZATIONS.**—Notwithstanding failure for any reason to complete implementing agreements provided for in subsection (b) of this section, the Corporation may proceed with a conveyance of properties, facilities, and equipment pursuant to the provisions of this Act and effectuate said transactions: *Provided*, That all protected employees shall be entitled to all of the provisions of such agreements, as finally determined, from the time they are adversely affected as a result of any such conveyance.

(d) **NEW COLLECTIVE-BARGAINING AGREEMENTS.**—Not later than 60 days after the effective date of any conveyance pursuant to the provisions of this Act, the representatives of the various classes or crafts of the employees of a railroad in reorganization involved in a conveyance and representatives of the Corporation shall commence negotiations of new collective-bargaining agreements for each class and craft of employees covering the rates of pay, rules, and working conditions of employees who are employees of the Corporation, which collective-bargaining agreements shall include appropriate provisions concerning rates of pay, rules, and working conditions but shall not include any provisions for job stabilization resulting from any transaction effected pursuant to this Act which may exceed or conflict with those established or prescribed herein.

EMPLOYEE PROTECTION

Sec. 305. (a) **EQUITABLE PROTECTION.**—A protected employee whose employment is governed by a collective-bargaining agreement will not, except as explicitly provided in this title, during the period in which he is entitled to protection, be placed in a worse position with respect to compensation, fringe benefits, rules, working conditions, and rights and privileges pertaining thereto.

(b) **MONTHLY DISPLACEMENT ALLOWANCE.**—A protected employee, who has been deprived of employment or adversely affected with respect to his compensation shall be entitled to a monthly displacement allowance computed as follows:

(1) Said allowance shall be determined by computing the total compensation received by the employee, including vacation allowances and monthly compensation guarantees, and his total time paid for during the last 12 months immediately prior to his being adversely affected in which he performed compensated service more than 50 per centum of each of such months, based upon his normal work schedule, and by dividing separately the total compensation and the total time paid for by 12, thereby producing the average monthly compensation and average monthly time paid for; and, if an employee's compensation in his current position is less in any month in which he performs work than the aforesaid average compensation, he shall be paid the difference, less any time lost on account of voluntary absences other than vacations, but said protected employee shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of his average monthly time, *Provided*, however, That—

(A) in determining compensation in his current employment the protected employee shall be treated as occupying the position, producing the highest rate of pay to which his qualifications and seniority entitle him under the applicable collective bargaining agreement and which does not require a change in residence;

(B) the said monthly displacement allowance shall be reduced by the full amount of any unemployment compensation benefits received by the protected employee and shall be reduced by an amount equivalent to any earnings of said protected employee in any employment subject to the Railroad Retirement Act and 50 per centum of any earnings in any employment not subject to the Railroad Retirement Act;

(C) a protected employee's average monthly compensation shall be adjusted from time to time thereafter to reflect subsequent general wage increases;

(D) should a protected employee's service total less than 12 months in which he performs more than 50 per centum compensated service based upon his normal work schedule in each of said months, his average monthly compensation shall be determined by dividing separately the total compensation received by the employee and the total time for which he was paid by the number of months in which he performed more than 50 per centum compensated service based upon his normal work schedule; and

(E) the monthly displacement allowance provided by this section shall in no event exceed the sum of \$2,500 in any month except that such amount shall be adjusted to reflect subsequent general wage increases.

(2) A protected employee's average monthly compensation under this section shall be based upon the rate of pay applicable to his employment and shall include increases in rates of pay not in fact paid but which were provided for in national railroad labor agreements generally applicable during the period involved.

(3) If a protected employee who is entitled to a monthly displacement allowance served as an agent or a representative of a class or craft of employees on either a full- or part-time basis in the 12 months immediately preceding his being adversely affected, his monthly displacement allowance shall be computed by taking the average of the average monthly compensation and average monthly time paid for of the protected employees immediately above and below him on the same seniority roster or his own monthly displacement allowance, whichever is greater.

(4) An employee and his representative shall be furnished with a protected employee's average monthly compensation and average monthly time paid for, computed in accordance with the terms of this subsection, together with the data upon which such computations are based, within 30 days after the protected employee notifies the Corporation in writing that he has been deprived of employment or adversely affected with respect to his compensation.

(c) **DURATION OF DISPLACEMENT ALLOWANCE.**—The monthly displacement allowance provided for in subsection (b) of this section shall continue until the attainment of age 65 by a protected employee with 5 or more years of service on the effective date of this Act and, in the case of a protected employee who has less than 5 years service on such date, shall continue for a period equal to his total prior years of service: *Provided*, That such monthly displacement allowance shall terminate:

nate upon the protected employee's death, retirement, resignation, or dismissal for cause; and shall be suspended for the period of disciplinary suspension for cause, failure to work due to illness or disability, voluntary furlough, or failure to retain or obtain a position available to him by the exercise of his seniority rights in accordance with the provisions of this section.

(d) **TRANSFERS.**—(1) A protected employee who has been deprived of employment may be required by the Corporation, in inverse seniority order and upon reasonable notice, to transfer to any bona fide vacancy for which he is qualified in his same class or craft of employee on any part of the Corporation's system and shall then be governed by the collective bargaining agreement applicable on the seniority district to which transferred. If such transfer requires a change in residence, any such protected employee may choose (A) to voluntarily furlough himself at his home location and have his monthly displacement allowance suspended during the period of voluntary furlough, or (B) to be severed from employment upon payment to him of a separation allowance computed as provided in subsections (e) and (f) of this section, which separation allowance shall be in lieu of all other benefits provided by this title.

(2) Such protected employee shall not be required to transfer to a location requiring a change in residence unless there is a bona fide need for his services at such location. Such bona fide need for services contemplates that the transfer be to a position which has not and cannot be filled by employees who are not required to make a change in residence in the seniority district involved and which, in the absence of this section, would have required the employment of a new employee.

(3) Such protected employee who, at the request of the Corporation, has once accepted and made a transfer to a location requiring a change in residence shall not be required again to so transfer for a period of 3 years.

(4) Transfers to vacancies requiring a change in residence shall be subject to the following:

(A) The vacancy shall be first offered to the junior qualified protected employee deprived of employment in the seniority district where the vacancy exists, and each such employee shall have 30 days to elect one of the options set forth in paragraph (1) of this subsection. If that employee elects not to accept the transfer, it will then be offered in inverse seniority order to the remaining qualified, protected employees deprived of employment on the seniority district, who will each have 30 days to elect one of the options set forth in paragraph (1) of this subsection.

(B) If the vacancy is not filled by the procedure in paragraph (4)(A) of this subsection, the vacancy will then be offered in the inverse order of seniority to the qualified protected employees deprived of employment on the system and each of such employees will be afforded 30 days to elect one of the options set forth in paragraph (1) of this subsection.

(C) The provisions of this paragraph shall not prevent the adoption of other procedures pursuant to an agreement made by the Corporation and representative of the class or craft of employees involved.

(e) **SEPARATION ALLOWANCE.**—A protected employee who is transferred and accepts an offer by the Corporation to resign and sever his employment relationship in consideration of payment to him of a separation allowance, and any protected employee whose employment

relationship is severed in accordance with subsection (d) of this section, shall be entitled to receive a lump-sum separation allowance not to exceed \$20,000 in lieu of all other benefits provided by this title. Said lump-sum separation allowance, in the case of a protected employee who had not less than 3 nor more than 5 years of service as of the date of this Act, shall amount to 270 days' pay at the rate of the position last held and, in the case of a protected employee having had 5 or more years' service, shall amount to the number of days' pay indicated below at the rate of the position last held dependent upon the age of the protected employee at the time of such termination of employment:

60 or under	360 days' pay
61	380 days' pay
62	400 days' pay
63	420 days' pay
64	440 days' pay

(f) **TERMINATION ALLOWANCE.**—The Corporation may terminate the employment of an employee of a railroad in recognition, who has less than 3 years' service as of the effective date of this Act: *Provided, however,* That in such event the terminated employee shall be entitled to receive a lump sum separation allowance in an amount determined as follows:

2 to 3 years' service	180 days' pay at the rate of the position last held
3 to 5 years' service	270 days' pay at the rate of the position last held
5 to 10 years' service	360 days' pay at the rate of the position last held
More than 10 years' service	450 days' pay at the rate of the position last held

(g) **MOVING EXPENSE BENEFITS.**—Any protected employee who is required to make a change of residence as the result of a transaction shall be entitled to the following benefits:

(1) Reimbursement for all expenses of moving his household and other personal effects, for the traveling expense of himself and members of his family, including living expenses for himself and his family, and for his own actual wage loss, not to exceed 10 working days. *Provided,* That the Corporation or acquiring railroad shall, to the same extent provided above, assume said expenses for any employee furloughed within 5 years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbursement shall be paid under the provisions of this section unless such claim is presented to the Corporation or acquiring railroad within 90 days after the date on which the expenses were incurred.

(2)(A) (i) If the protected employee owns, or is under a contract to purchase, his own home in the locality from which he is required to move and elects to sell said home, he shall be reimbursed for any loss suffered in the sale of his home for less than its fair market value. In each case the fair market value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. The Corporation or an acquiring railroad shall in each instance be afforded an opportunity to purchase the home at such fair market value before it is sold by the employee to any other person.

(ii) A protected employee may elect to waive the provisions of paragraph (2)(A) (i) of this subsection and to receive, in lieu thereof, an amount equal to his closing costs which are ordinarily paid for and assumed by a seller of real estate in the jurisdiction

in which the residence is located. Such costs shall include a real estate commission paid to a licensed realtor (not to exceed \$5,000 or 6 per centum of sale price, whichever is less), and any prepayment penalty required by the institution holding the mortgage; such costs shall not include the payment of any "points" by the seller.

(B) If the protected employee holds an unexpired lease on a dwelling occupied by him as his home, he shall be protected from all loss and cost in securing the cancellation of said lease.

(C) No claim for costs or loss shall be paid under the provisions of this paragraph unless the claim is presented to the Corporation or an acquiring railroad within 90 days after such costs or loss are incurred.

(D) Should a controversy arise with respect to the value of the home, the costs or loss sustained in its sale, the costs or loss under a contract for purchase, loss or cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employee, or his representative, and the Corporation or an acquiring railroad. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner: One to be selected by the employee or his representative and one by the Corporation or acquiring railroad and these two, if unable to agree upon a valuation within 30 days, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and failing such agreement, either party may request the National Mediation Board to designate within 10 days a third qualified real estate appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

(h) **ARRANGEMENTS OR TERMS.**—Should a railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving a protected employee of benefits to which he otherwise would have become entitled under this title, the provisions of this title will apply to such employee.

CONTRACTING OUT

Sec. 506. All work in connection with the operation or services provided by the Corporation on the rail lines, properties, equipment, or facilities acquired pursuant to the provisions of this Act and the maintenance, repair, rehabilitation, or modernization of such lines, properties, equipment, or facilities which has been performed by practice or agreement in accordance with provisions of the existing contracts in effect with the representatives of the employees of the classes or crafts involved shall continue to be performed by said Corporation's employees, including employees on furlough. Should the Corporation lack a sufficient number of employees, including employees on furlough, and be unable to hire additional employees, to perform the work required, it shall be permitted to subcontract that part of such

TITLE VI—MISCELLANEOUS PROVISIONS

RELATIONSHIP TO OTHER LAWS

Sec. 601. (a) **ANTITRUST.**—(1) Except as specifically provided in paragraph (2) of this subchapter, no provision of this Act shall be deemed to convey to any railroad or employee or director thereof any immunity from civil or criminal liability, or to create defenses to actions, under the antitrust laws.

(2) The antitrust laws are inapplicable with respect to any action taken to formulate or implement the final system plan where such action was in compliance with the requirements of such plan.

(3) As used in this subsection, "antitrust laws" includes the Act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the Act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act (ch. 311, 39 Stat. 1161), as amended; sections 73 and 74 of the Act of August 27, 1894 (28 Stat. 570), as amended; the Act of June 19, 1936 (ch. 362, 49 Stat. 1528), as amended; and the antitrust laws of any State or subdivision thereof.

(b) **COMMERCIAL BANKRUPTCY.**—The provisions of the Interstate Commerce Act (49 U.S.C. 1 et seq.) and the Bankruptcy Act (11 U.S.C. 1 et seq.) are inapplicable to transactions under this Act to the extent necessary to formulate and implement the final system plan whenever a provision of any such Act is inconsistent with this Act.

(c) **ENVIRONMENTAL.**—(1) The provisions of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332 (2)(C)) shall not apply with respect to any action taken under authority of this Act before the effective date of the final system plan.

(d) **NONRECURRING COVENANTS.**—(1) Rail properties designated in accordance with section 206(c)(1)(C) of this Act shall be leased or may (at its option) be purchased or otherwise acquired by the National Railroad Passenger Corporation. The Corporation shall negotiate an appropriate sale or lease agreement with the National Railroad Passenger Corporation as provided in the final system plan.

(2) Properties acquired by purchase, lease, or otherwise pursuant to this subsection shall be improved in order to meet the goal set forth in section 206(a)(3) of this Act, relating to improved high-speed passenger service, by the earliest practicable date after the date of enactment of this Act.

(3) The Secretary shall begin the necessary engineering studies and improvements upon enactment.

(4) The final system plan shall provide for any necessary coordination with freight or commuter services of use of the facilities designated in section 206(c)(1)(C) of this Act. Such coordination may be effectuated through a single operating entity, designated in the final system plan, or as mutually agreed upon by the interested parties.

(5) Construction or improvements made pursuant to this subsection may be made in consultation with the Corps of Engineers.

(e) **EMERGENCY SERVICE.**—Section 1(16) of the Interstate Commerce Act (49 U.S.C. 1(16)) is amended by inserting "(a)" before the word "Whenever" in the first sentence and adding the following new paragraph:

"(b) Whenever any carrier by railroad is unable to transport the traffic offered it because—

"(1) its cash position makes its continuing operation impossible;

"(2) it has been ordered to discontinue any service by a court:

or

work which cannot be performed by its employees, including those on furlough, except where agreement by the representatives of the employees of the classes or crafts involved is required by applicable collective-bargaining agreements. The term "unable to hire additional employees" as used in this section contemplates establishment and maintenance by the Corporation of an apprenticeship, training, or recruitment program to provide an adequate number of skilled employees to perform the work.

APPROPRIATION

Sec. 507. Any dispute or controversy with respect to the interpretation, application, or enforcement of the provisions of this title, except section 504(d) and those disputes or controversies provided for in subsection (g)(3)(D) of section 503 and subsection (b) of section 504 which have not been resolved within 90 days, may be submitted by either party to an Adjustment Board for a final and binding decision thereon as provided in section 3 Second, of the Railway Labor Act, in which event the burden of proof on all issues so presented shall be upon the Corporation or, where applicable, the Association.

ACQUIRING RAILROADS

Sec. 508. An acquiring railroad shall offer such employment and afford such employment protection to employees of a railroad from which it acquires properties or facilities pursuant to this Act, and shall further protect its own employees who are adversely affected by such acquisition, as shall be agreed upon between the said acquiring railroad and the representatives of such employees prior to said acquisition: *Provided, however,* That the protection and benefits provided for protected employees in such agreements shall be the same as those specified in section 505 of this title: *And provided further, however,* That unless and until such agreements are reached, the acquiring railroad shall not enter into purchase agreements pursuant to section 303 of this Act.

PAYMENTS OF BENEFITS

Sec. 509. The Corporation, the Association (where applicable), and acquiring railroads, as the case may be, shall be responsible for the actual payment of all allowances, expenses, and costs provided protected employees pursuant to the provisions of this title. The Corporation, the Association (where applicable), and acquiring railroads shall then be reimbursed for such actual amounts paid protected employees, not to exceed the aggregate sum of \$250,000,000, pursuant to the provisions of this title by the Railroad Retirement Board upon certification to said Board by the Corporation, the Association (where applicable), and acquiring railroads of the amounts paid such employees. Such reimbursement shall be made from a separate account maintained in the Treasury of the United States to be known as the Regional Rail Transportation Protective Account. There is hereby authorized to be appropriated to such protective account annually such sums as may be required to meet the obligations payable hereunder, not to exceed in the aggregate, however, the sum of \$250,000,000. There is further authorized to be appropriated to the Railroad Retirement Board annually such sums as may be necessary to provide for additional administrative expenses to be incurred by the Board in the performance of its functions under this section.

Appropriation.

44 Stat. 578;
80 Stat. 268.
45 USC 153.

15 USC 2,
15 USC 12,
15 USC 58,
15 USC 5,
15 USC 13.

24 Stat. 375,
30 Stat. 544.

93 Stat. 853.

41 Stat. 477.

"(3) it has abandoned service without obtaining a certificate from the Commission pursuant to this section;

the Commission may, upon the same procedure as provided in paragraph (15) of this section, make such just and reasonable directions with respect to the handling, routing, and movement of the traffic available to such carrier and its distribution over such carrier's lines, as in the opinion of the Commission will best promote the service in the interest of the public and the commerce of the people subject to the following conditions:

"(A) Such direction shall be effective for no longer than 60 days unless extended by the Commission for cause shown for an additional designated period not to exceed 180 days.

"(B) No such directions shall be issued that would cause a carrier to operate in violation of the Federal Railroad Safety Act of 1970 (45 U.S.C. 421) or that would substantially impair the ability of the carrier so directed to serve adequately its own patrons or to meet its outstanding common carrier obligations.

"(C) The directed carrier shall not, by reason of such Commission direction, be deemed to have assumed or to become responsible for the debts of the other carrier.

"(D) The directed carrier shall hire employees of the other carrier to the extent such employees had previously performed the directed service for the other carrier, and, as to such employees as shall be so hired, the directed carrier shall be deemed to have assumed all existing employment obligations and practices of the other carrier relating thereto, including, but not limited to, agreements governing rate of pay, rules and working conditions, and all employee protective conditions commencing with and for the duration of the direction.

"(E) Any order of the Commission entered pursuant to this paragraph shall provide that if, for the period of its effectiveness, the cost, as hereinafter defined, of handling, routing, and moving the traffic of another carrier over the other carrier's lines of road shall exceed the direct revenues therefor, then upon request, payment shall be made to the directed carrier, in the manner hereinafter provided and within 30 days after expiration of such order, of a sum equal to the amount by which such cost has exceeded said revenues. The term 'cost' shall mean those expenditures made or incurred in or attributable to the operations as directed, including the rental or lease of necessary equipment, plus an appropriate allocation of common expenses, overheads, and a reasonable profit. Such cost shall be then currently recorded by the carrier or carriers in such manner and on such forms as by general order may be prescribed by the Commission and shall be submitted to and subject to audit by the Commission. The Commission shall certify promptly to the Secretary of the Treasury the amount of payment to be made to said carrier or carriers under the provisions of this paragraph. Payments required to be made to a carrier under the provisions of this paragraph shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions hereof."

ANNUAL EVALUATION BY THE SECRETARY

Sec. 602. As part of his annual report each year, the Secretary shall transmit to Congress each year a comprehensive report on the effectiveness of the Association and the Corporation in implementing the purposes of this Act, together with any recommendations for additional legislative or other action.

FREIGHT RATES FOR RECYCLABLES

Sec. 603. The Commission shall, by expedited proceedings, adopt appropriate rules under the Interstate Commerce Act (49 U.S.C. 1 et seq.) which will eliminate discrimination against the shipment of recyclable materials in rate structures and in other Commission practices where such discrimination exists.

SEPARABILITY

Sec. 604. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

Approved January 2, 1974.

LEGISLATIVE HISTORY

HOUSE REPORTS: No. 93-820 (Comm. on Interstate and Foreign Commerce) and No. 93-244 (Comm. of Conference).

CONGRESSional RECORD, Vol. 119 (1973):

Nov. 8, considered and passed House.

Dec. 11, considered and passed Senate, amended.

Dec. 11, Proceedings voted; reconsidered and passed Senate, amended.

Dec. 20, House agreed to conference report.

Dec. 21, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 10, No. 1 (1974):

Jan. 2, Presidential statement.



Joint Resolution

To extend the Regional Rail Reorganization Act's reporting date, and for other purposes.

Whereas the Senate and Congress recently enacted major reorganization legislation to prevent economic disaster in the area served by the Penn Central Railroad and six other bankrupt Class I railroads (Regional Rail Reorganization Act of 1973, Public Law 93-228); and

Whereas such legislation provided for the immediate establishment of a new entity, the United States Railway Association, to plan such reorganization and to adopt and release a "preliminary system plan" within 300 days after the enactment of the legislation, and to prepare and submit the "final system plan" to the directors of the Association within 420 days after enactment, pursuant to a funding authorization not to exceed \$26,000,000; and

Whereas, as a result of circumstances not within the control of the Congress or the United States Railway Association, the Association was unable to commence full-scale operations until more than four months later than was contemplated in the legislation; and Whereas the Association will not be able to prepare reorganization plans for an efficient, adequate, safe, and reliable rail transportation system in the Midwest and Northeast region of the United States unless it is granted an additional 120 days in which to adopt the preliminary system plan and an additional 120 days in which to prepare the final system plan and authorization for funding for such additional period; and

Whereas such legislation provided a system of rail service continuation subsidies so that shippers and local and State governments could, on a matching basis with the Federal Government, continue rail service on selected lines within a State which might not otherwise continue to be operated; and

Whereas confusion has been engendered by the failure to include in such legislation a definition of which rail services are eligible for such subsidies: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 207(a)(1) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "200" in the first sentence thereof and substituting therefor the figure "420".

(b) Section 207(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "420" in the first sentence thereof and substituting therefor the figure "540".

(c) Section 214(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "\$26,000,000" and substituting therefor the figure "\$40,000,000".

(d) Section 402(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by inserting "(1)" before the first sentence thereof, redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding the following new paragraph:

"(2) Rail freight services eligible for rail service continuation subsidies pursuant to subsection (b) of this section are—
"(A) those rail services of railroads in reorganization in the region which the final system plan does not designate to be continued;

"(B) those rail services in the region which have been at any time during the 5 year period prior to the date of enactment of

this Act, or which are subsequent to the date of enactment of this Act, owned, leased, or operated by a State agency or a local or regional transportation authority or with respect to which a State, a political subdivision thereof, or a local or regional transportation authority has invested at any time during the 5 year period prior to the date of enactment of this Act, or invests subsequent to the date of enactment of this Act, substantial sums for improvement or maintenance of rail service; and

"(C) those rail services in the region with respect to which the Commission issues a certificate of abandonment effective on or after the date of enactment of this Act."

(e) The last sentence of section 402(a) of the Act is amended to read: "Provided, however, That any rail service for which a State agency or local or regional transportation authority receives such loan is no longer eligible for a rail service continuation subsidy pursuant to section 402 of this title."

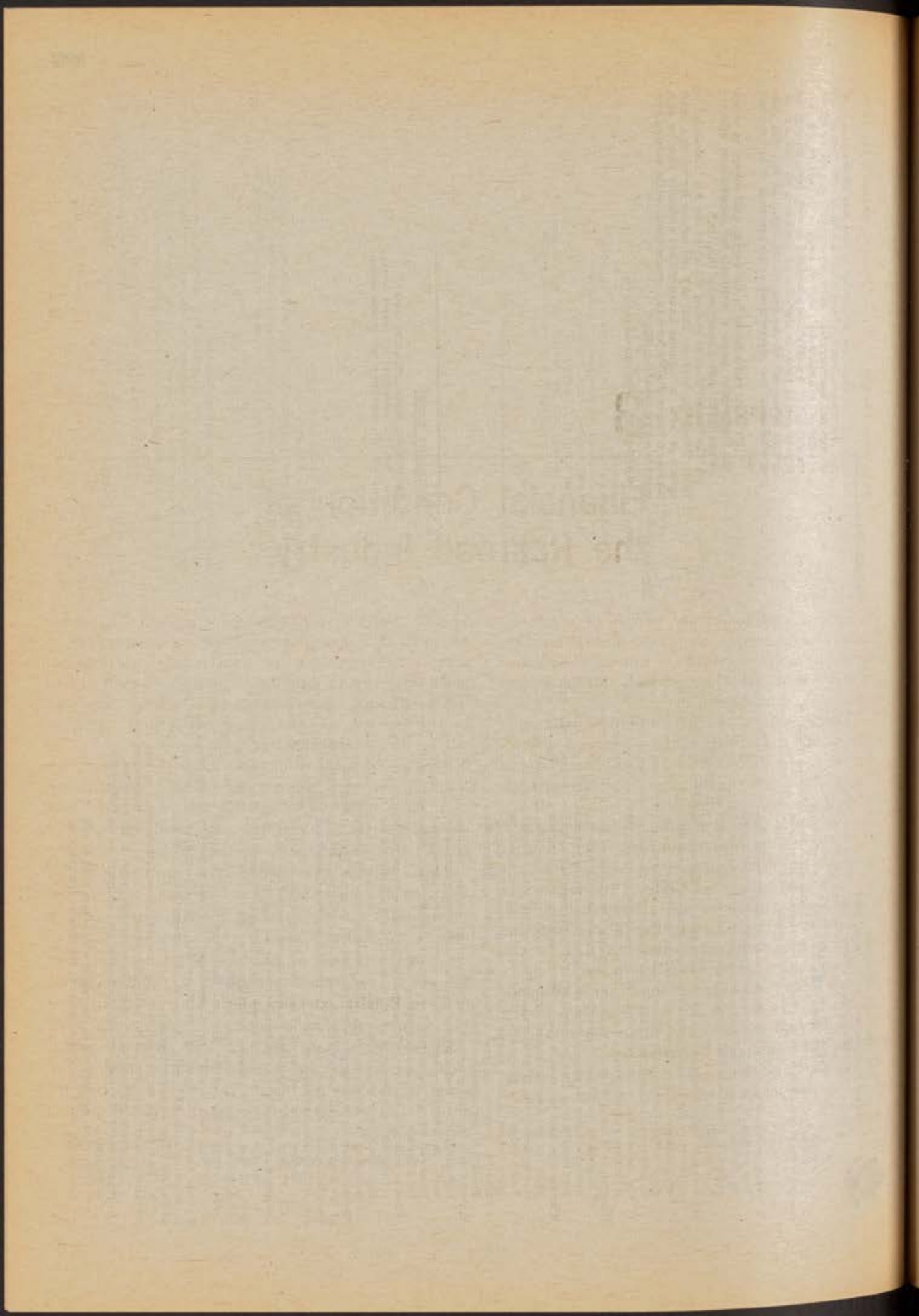
Approved October 26, 1974.

45 USC 763.

Acts, p. 1454.

LEGISLATIVE HISTORY:

CONGRESSIONAL RECORD, Vol. 120 (1974):
Oct. 10, considered and passed Senate.
Oct. 15, considered and passed House.



APPENDIX B

Financial Condition of the Railroad Industry

The financial condition of the carriers to be consolidated under USRA auspices is precarious. Not only are the carriers bankrupt, several have run out of cash and might have ceased operations without interim grants from the federal government.

Conditions specific to the Region undoubtedly have contributed to the intensity of these financial difficulties, but there are indications that railroad financial conditions are weak across the industry. Railroad earnings have been considered substandard for almost all the post-World War II period. Warnings have been issued at many junctures in the interim concerning the precariously low and erratic nature of earnings for such an important part of our national transportation system.¹ The following discussion will attempt to highlight the current financial condition of the U.S. railroad industry and provide comparative historical data for the bankrupt candidates for consolidation in the Region.

No single measure of financial condition is adequate to delineate and assess the financial condition of the railroads. Railroad accounts are highly complex, and several basic problems must be recognized.

First, accounting entries are not always matched by rail cash transactions and often are subject to man-

agerial discretion as to timing and amount. The standard example is depreciation, a bookkeeping entry allowable as an expense but not representing cash disbursement. The profits reported depend on the amount of depreciation expenses recorded, and the funds generated by the activities of firms, commonly termed cash flow, will be influenced at the same time.

Second, railroads using retirement (betterment) accounting can exercise even more discretionary control over many forms of reported income, since retirement accounting results in capital account adjustment only in the year in which the property is retired or replaced.²

Third, railroads have substantial non-transportation activities and investments whose income has been used to augment transport earnings. Fourth, aggregate data may be misleading since they are comprised of many individual railroads of widely disparate nature which operate in geographic regions of varying economic makeup. Finally, extensive interlocking ownership complicates analysis of rail accounts.

The size of the Penn Central's (PC) financial disaster alone has strongly influenced industry statistics. For example, ordinary net income (after fixed charges) for Class I railroads in 1970 amounted to \$226.6 million.

¹ For example, see the quite current passages on pp. 228-229 in James C. Nelson, *Railroad Transportation and Public Policy* (Brookings, 1969).

² Retirement accounting results in a single end-of-life charge rather than annual depreciation charges.

Penn Central alone lost \$325.7 million, or more than the industry profit. The financial results of seven bankrupts³ are incorporated into the Eastern District statistics reported by the ICC for 30 Class I railroads, and the Eastern District showed a deficit of \$276.3 million on 1970 ordinary net income.⁴

Net Railway Operating Income

An indicator of the return or profitability from railroad operations alone is net railway operating income (NROI), which is measured before the deduction of fixed charges for capital and excludes income from nonrail activities. Thus, ignoring "other" sources of income, NROI represents flows of income available to reward suppliers of transportation capital. The level of this flow can be influenced by whether equipment is leased and charged as an operating cost or purchased and incurring fixed charges.

Table 1 shows NROI for railroads of Class I summarized for the U.S. and the Eastern District. The Eastern District is subdivided into the six bankrupt Class I carriers under USRA purview as of January, 1975 (inclusive of the Erie Lackawanna) and the "Other Eastern" Class I railroads.

Class I railroads as a group show a distinct decline in NROI over the postwar era. The decline in NROI for the Eastern District railroads has been dramatic, falling from \$439 million in 1952 to \$38.6 million in 1972, and substantial NROI deficits were incurred in 1970 and 1971. A slight recovery to \$50.1 million was experienced in 1973, and the first nine months of 1974 have continued the upward trend.

Not surprisingly, the USRA bankrupt carriers as a whole and the PC in particular have recorded deficits in NROI since 1967. The consolidated bankrupt carriers bottomed out in 1970 with a NROI deficit of \$256.2 million, of which \$236.5 million was attributable to the PC, and in 1973 they showed a deficit of \$123.7 million with PC contributing \$92.7 million. Thus, in 1973, the PC was responsible for about 75 percent of the net operating losses for the USRA bankrupts, though all showed 1973 deficits on NROI.

There are three reservations regarding the NROI figures which merit discussion. First, railroad operations, particularly in the east, have included substantial passenger service in years past. The amount of the passenger service deficit has been much disputed, but its existence seems unquestionable, and Amtrak's large deficits are confirmation. The decline in NROI, however, would not be eliminated by cutting out the pas-

TABLE 1.—Net railway operating income for Class I railroads¹

(In millions of dollars)

	United States	Eastern District railroads		
		All Eastern	USRA bankrupts ²	Other Eastern
1929.....	1,251.7	634.6		
1939.....	588.8	331.1		
1947.....	780.7	304.4		
1952.....	1,078.2	439.1		
1957.....	922.3	385.3		
1962.....	725.7	196.6		
1967.....	676.4	174.6	-16.2	190.8
1968.....	677.6	139.7	-54.4	194.1
1969.....	654.7	118.7	-60.2	187.3
1970.....	485.9	-101.6	-256.2	154.6
1971.....	605.5	-32.3	-194.5	132.2
1972.....	827.7	38.6	-141.5	180.1
1973.....	840.3	50.1	-123.7	173.8

¹ After taxes, but before other income or fixed charges.

² Excludes Amtrak.

³ 6 bankrupts, includes Erie Lackawanna, but excludes Lehigh & Hudson River R.R., as non-Class I.

Source: Association of American Railroads.

senger deficit, according to most estimates. The reversal of the downward trend in recent years would be expected, as Amtrak assumed most of the financial burden of passenger service in 1971.

Second, the Eastern District and "Other Eastern" figures include the Long Island Railroad (LIRR), primarily a commuter line. In 1973, the LIRR contributed a deficit of about \$79 million to the Eastern District. Third, operating income is probably an overstatement of railroad earning power due to the apparent deterioration of physical plant during the past few years and the rapid inflation in replacement costs.

Rate of Return on Net Investment

The relationship of net railway operating income to net investment in transportation property is representative of the rate of return to railroad operations. It is shown in Table 2 for the same subgrouping of railroads discussed in the previous section. The rate of return thus defined gives a clear indication of the problems of the railroad industry: it has been historically low and declining.

At no time in the postwar period has the rate of return for Class I railroads in the U.S. has been as high as 5 percent, and the rate has trended downward gradually from 1952 to 1972. New lows have been set in each successive economic downturn and, although returns have rebounded over the past 3 years, the 1973 rate is hardly attractive in terms of new investment.

Returns on transportation investment by the railroads are unquestionably below the cost of raising capital in money markets and are substantially below the rates which could be earned if available funds were channeled by rail management into certificates of de-

³ The eighth, the Lehigh & Hudson River Railroad (L&HRR) is not included in Class I statistics.

⁴ For a more complete discussion, see Final Report of the Task Force on Railroad Productivity, *Improving Railroad Productivity*, Chapter III; also, U.S. Senate, Committee on Commerce, *The Penn Central and Other Railroads*, (Dec. 1972) Special Staff Report (92:2), p. 235 ff. Figures are summarized in AAR, *Yearbook on Railroad Facts*, 1973.

TABLE 2.—Rate of return for Class I railroads¹

[In millions of dollars]

	United States	Eastern District railroads		
		All Eastern	USRA bankrupts ²	Other Eastern
1959	5.30	6.03		
1960	2.56	3.14		
1961	3.44	3.02		
1962	4.16	3.80		
1963	3.36	3.29		
1964	2.74	1.80		
1965	2.46	1.58	-0.28	3.57
1966	2.44	1.27	-.98	3.56
1967	2.36	1.10	-1.29	3.44
1968	1.73	-.93	-4.80	2.78
1969	2.47	-.30	-3.57	2.74
1970	2.96	.37	-2.83	3.25
1971	3.04	.48	-2.54	3.16

¹ Not railway operating income to net investment in transportation property—including cash, materials, and supplies.

² Excludes Amtrak.

³ Bankrupts, includes Erie Lackawanna, but excludes Lehigh & Hudson River R.R., as non-Class I.

Source: Association of American Railroads.

posit or even simple savings accounts. The rail rates are also below those earned by almost all other industrial sectors in the economy, and most comparisons of financial performance show rail near the bottom.⁵ Such low rates will not allow recovery of invested capital, much less attract new capital required for continuation and improvement of rail operations.

Eastern District returns are almost uniformly lower than the U.S. average, though the prosperous past of the east is reflected in the high returns prior to World War II. The USRA bankrupts as a whole, recording NROI deficits for all the years tabulated, also have shown negative rates of return, which sank to almost -5 percent in 1970 before recovering in the most recent years. The PC is responsible for most of the deficit, but all six railroads considered were recording negative rates of return. The remaining Eastern District Class I railroads have shown moderate stability in their average rates of return for the last seven years.

The very long accounting lives of much railroad equipment cause two types of difficulty in evaluating rate of return. First, the capital investment which took place twenty or more years ago is in many instances obsolete due to changed circumstances in goods shipment and production locations, although it has not been fully depreciated. Thus, the amount of ongoing investment in transportation facilities which is still useful would be less than that stated on the books.

For example, passenger equipment which was surplus or damaged beyond serviceability has remained on the books over long periods of time, overstating the ac-

tual "useful" investment in place.⁶ However, excessive capitalization does not appear to be a problem, since the ICC ordered adequately supported adjustments in book value in 1963, and more than 85 percent of the gross investment on the books is new gross capital expenditure since 1947.⁷ Further, a convincing offset is the understated value of that investment which is "useful" relative to its replacement cost in an inflationary economy, again, emphasized by the long service life of rail investment. Replacement or reproduction cost certainly would be high relative to historical costs.

One attempt to account for these problems, especially the latter, has assumed that gross capital expenditures represent a more accurate measure than depreciation of the capital assets consumed in the industry. Further assuming that investment has been purely to maintain plant since 1950, capital expenditures charged against cash flow based on NROI (NROI plus depreciation) will then yield true operating return on transport investment (as of 1950). The implied rates of return are uniformly lower when this adjustment is made, with no annual rate over two percent since 1962, and very little or no return at all in six of the nine years from 1964 to 1972.⁸

Rail and Crosstie Replacement

The low rates of return earned on transport investment by Class I railroads resulted in a sharp downward trend in the installation of rails and ties from the 1940's into the early 1960's. Figures 1 and 2 compare the installation rates for rail and crossties required to maintain the rail system while satisfying assumed life cycles, sixty years for rail and thirty-five years for crossties. The declining rates required to maintain plant, shown in Figures 1 and 2, reflect continued abandonment at a modest rate and otherwise are premised on replacement needs which follow a straight linear proportion of existing plant. There are some reservations about even this conservative assumption about the maintenance of the existing rail plant, but the sharp downward trends into the early 1960's clearly were inadequate to maintain current trackage.

Rail and tie replacement rates have risen moderately and erratically since 1961, but have never approached the required rates, especially for rail. The rail-crosstie situation may be worse than indicated in the figures, since there has been a gap over such a long time span, implying an older than average plant and a need for more than normal replacement to catch up. In 1970, the

⁵ Depreciation on this obsolete passenger equipment was being charged as a solely related cost of current passenger service; see Porter K. Wheeler, "Amtrak: Economic Aspects of Federal Railroad," Transportation Research Forum Proceedings (1972). The existence of obsolete investment could imply that capital consumption charged to past production had been understated, meaning that past earnings were in fact lower still.

⁷ Improving Railroad Productivity, Final Report of the Task Force on Railroad Productivity, p. 88.

⁸ Ibid., pp. 94-97.

⁶ See, for example, "Monthly Letter," First National City Bank of New York, April, 1973, as displayed in Improving Railroad Productivity, p. 90.

FIGURE 1
MILES OF NEW RAIL INSTALLED
VS.
NORMAL REQUIREMENTS OF
90-YEAR LIFE CYCLE
(THOUSANDS OF MILES)

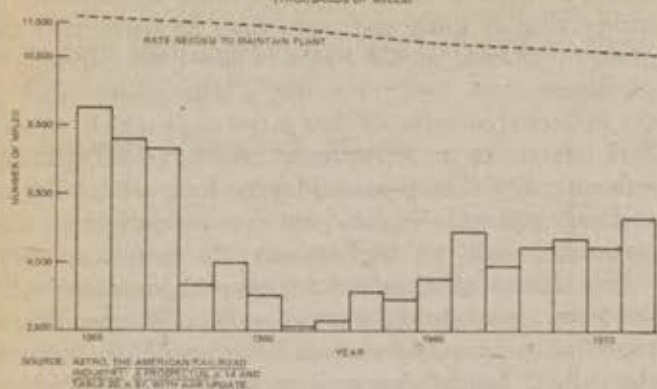
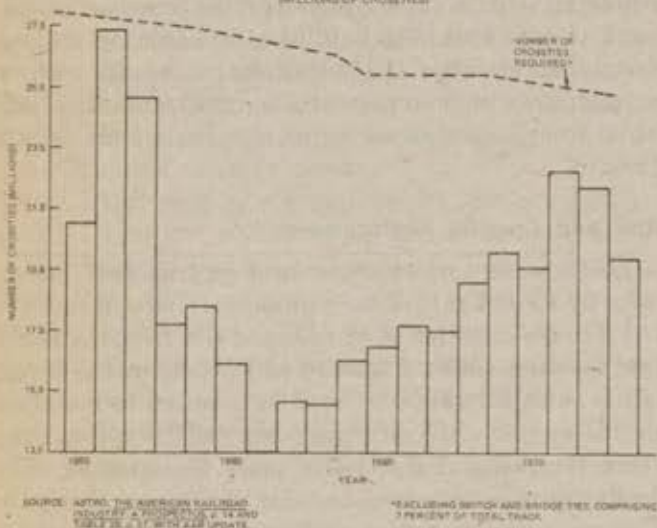


Figure 2

NUMBER OF CROSSTIES INSTALLED
VS.
NORMAL REQUIREMENTS OF
35-YEAR LIFE CYCLE
(MILLIONS OF CROSSTIES)



rising interest rates for continuing capital expenditures, which the railroads were unable to finance out of income, are the basic sources of rising fixed charges.

Table 3 presents income available for fixed charges (total income after miscellaneous deductions), the fixed charges themselves and the coverage ratio for fixed charges. The coverage ratio measures the ability of the railroads to cover fixed charges¹⁰ with total operating income from all activities: a ratio of unity would imply that income was just sufficient to cover fixed charges.

It can be seen from Table 3 that fixed charges for U.S. Class I railroads rose by 70 percent from 1963 to 1973, while total income available to cover fixed charges rose only 14 percent. As a consequence, the coverage ratio declined from about three times fixed charges in the mid-1960's to a low of 1.44 in 1970. Other non-rail income is included in the numerator of this coverage ratio, as fixed charges are not assigned to specific transportation investments, but it is clear that NROI by itself would have been barely sufficient to cover fixed charges in recent years.

In 1970, NROI coverage was less than unity, meaning that operating income from all Class I railroads was in the aggregate insufficient to cover their fixed charges, a precarious state of affairs.

Examined by district, the coverage ratio for the Eastern District as shown in Table 3 is, of course, dismally low, reaching a near-zero level of 0.07 in 1970, but other regions have also experienced moderate declines in cov-

TABLE 3.—Total income, fixed charges and fixed charge coverage ratio for Class I railroads

(Dollar amounts in millions)

Years	United States ¹			Eastern district		
	Total income ²	Fixed charges ³	Coverage ratio	Total income	Fixed charges	Coverage ratio
1947	\$664	\$437	2.21			
1952	1,316	422	3.12			
1957	1,157	369	3.14			
1962	980	367	2.67	\$147	\$163	0.90
1963	1,062	368	2.89	188	163	1.15
1964	1,120	381	2.94	209	153	1.36
1965	1,256	401	3.14	457	206	2.22
1966	1,367	426	3.21	507	215	2.36
1967	1,050	461	2.28	329	227	1.44
1968	1,087	484	2.25	333	239	1.39
1969	1,066	521	2.05	294	264	1.11
1970	846	589	1.44	19	296	0.07
1971	977	601	1.63	43	287	0.15
1972	1,122	606	1.85	119	279	0.43
1973	1,209	626	1.93	150	282	0.53

¹ Excludes Amtrak.

² NROI plus other income, after miscellaneous deductions; same as income available for fixed charges.

³ Does not include allowances for repayment of principal.

Sources: Association of American Railroads and "Moody's Transportation Manual."

¹⁰ Fixed charges here are used parallel to Moody's Transportation Manual and do not include interest charges on hired equipment and joint facility rents. Total fixed charges do not include allowance for repayment of principal.

ASTRO Report estimated that new rail would have to be installed at three times the average actual rate during the 1960's and that crossties required a 50 percent increase to meet industry standards for replacement.⁹

Coverage of Fixed Charges

The ultimate financial integrity of any firm vests on its ability to meet contractual fixed charges, such as interest and rents, with the income derived from operations. Fixed charges generally have been rising fairly steadily while net railway operating income has declined and total income, including other non-rail activities, has been fairly stable or drifting slightly downward. Increased levels of funded debt, especially rapidly increased equipment obligations in the late 1970's, and

⁹ America's Sound Transportation Review Organization (ASTRO), *The American Railroad Industry: A Prospectus*, p. 14; see also Harry S. Meislahn, "The Present Plight of the Railroads," paper sponsored by Temple, Barker & Sloane and Illinois Central Gulf (revision of May, 1973).

erage, suggesting that the Eastern District is only a more extreme example of negative financial trends in the railroad industry. It is interesting to note that fixed charges in the troubled Eastern District rose by 73 percent in the past decade, only slightly more than the overall U.S. figure increased.

As must be anticipated from the Eastern figures and the occurrence of several bankruptcies, the USRA bankrupt carriers in aggregate have not generated sufficient income to cover fixed charges in any year tabulated and are therefore insolvent. The negative ratios of the last four years indicate a consolidated deficit before any fixed charges at all were covered. The PC in particular did not cover fixed charges in any year since 1966, though some of the smaller companies were able to do so. Table 4 shows the supporting data.

TABLE 4.—Total income, fixed charges, and fixed charge coverage ratio for Class I railroads, Eastern District subgroups

(Dollar amounts in millions)

Years	USRA bankrupts			Other eastern		
	Total income	Fixed charges	Coverage ratio	Total income	Fixed charges	Coverage ratio
1960	\$81	\$117	0.69	\$245	\$110	2.23
1961	81	128	.63	252	111	2.27
1962	49	150	.32	242	114	2.12
1963	-165	170	-1.15	214	120	1.78
1964	-150	163	-.92	193	124	1.56
1965	-103	156	-.66	222	123	1.80
1966	-79	160	-.49	229	122	1.88

Note: See notes to Table 3.

Cash Flow

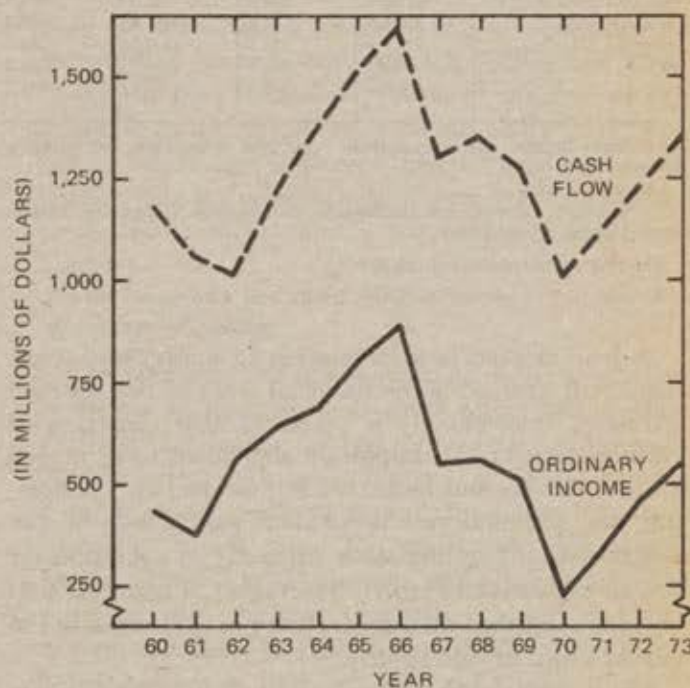
The level of cash flow is more important than the coverage figures discussed above in determining the technical ability of the railroads to meet fixed charges with internal funds, because it more accurately reflects the flow of funds accruing to the firm from operations by correcting for the fact that net income figures reflect many non-cash bookkeeping entries.

Figure 3 shows ordinary income and cash flow based on ordinary income for all Class I railroads. Ordinary income (net income before extraordinary charges) had fallen precipitously in the latter half of the 1960's and has only partially recovered in the past three years of improved earnings. Cash flow from Class I railroads has dropped, but not as sharply as NROI, and the inclusion of depreciation reflects a flow of funds sufficient to cover fixed charges by a substantial margin and allow some debt repayment or internally financed capital projects.

However, the level of cash flow has generally not been sufficient to cover gross capital expenditures, especially in light of dividend payments (discussed later). The ratio of fixed charges to cash flow has also been rising

FIGURE 3

ORDINARY INCOME¹ AND CASH FLOW²
FOR CLASS I RAILROADS 1960-1973



- 1 ORDINARY INCOME IS NET INCOME BEFORE EXTRAORDINARY ITEMS.
- 2 CASH FLOW BASED ON ORDINARY INCOME PLUS DEPRECIATION ACCOUNTS FOR ROAD AND EQUIPMENT; EXCLUDES RETIREMENTS.

SOURCE: ICC TRANSPORT STATISTICS; U. S. SENATE, COMMITTEE ON COMMERCE; THE PENN CENTRAL AND OTHER RAILROADS

sharply over the past decade. For Class I railroads the ratio rose from 27.5 percent in 1964 to 58 percent in 1970, and it has not fallen much in the most recent years.

Table 5 shows ordinary income cash flow for Class I railroads in the United States and the Eastern sub-groupings. The Eastern District again shows a substantially more precarious financial condition, with essentially no cash flow in 1970 and 1971. The consolidated USRA bankrupts have been unable to record positive cash flow since 1970, and PC has not done so since 1968.

Negative cash flow signals an inability to cover fixed charges with either net income or depreciation allowances and signals serious insolvency. Other regions have experienced weak cash flow and sharp increases in the ratio of fixed charges to cash flow. Generally, cash flow has not been sufficient to finance new capital investment or pay dividends on equity shares in recent years.

TABLE 5.—Ordinary income cash flow¹ for Class I railroads

	United States ²	Eastern District railroads		
		All Eastern	USRA bankrupts ³	Other Eastern
1967.....	1,338.4	370.5	88.0	282.5
1968.....	1,363.1	364.0	73.1	290.9
1969.....	1,289.1	280.5	17.9	271.6
1970.....	1,025.7	[4.0]	[247.3]	243.3
1971.....	1,155.8	20.1	[199.5]	219.6
1972.....	1,247.9	102.4	[149.9]	252.3
1973.....	1,366.0	120.9	[130.8]	261.7

¹ Ordinary income before extraordinary items, plus depreciation, but excluding retirements.

² Excludes Amtrak.

³ 6 bankrupts, includes Erie Lackawanna, but excludes Lehigh and Hudson River Railroad as non-Class I.

Note: Figures in brackets indicate deficit.

Sources: ICC "Transport Statistics" (partly from FRA tapes), Moody's.

A look at cash flow in relation to equipment investment will dramatize the financial woes of the railroad industry. It commonly is perceived that shortages of rolling stock are an important detriment to expanded freight volume and improved service quality.¹¹ Assuming that minimal rail investment policy will require replacement of rolling stock currently in operation (if not an expansion to resolve shortages), a financial analyst has compared cash generation per car owned to the cost of a unit of rolling stock.¹²

Figure 4 shows that the annualized cash cost per new unit of rolling stock has been rising rapidly and surpassed \$2,300 in 1968, whereas the cash flow per unit owned (here defined as NROI plus depreciation plus federal income taxes) has not been above \$1,300 per car for Class I railroads between 1950 and 1973.

It comes as no surprise to find the Penn Central with rather low unit cash flow which turned negative in the late 1960's, but the Class I railroads overall have only been generating about one-half the funds necessary, and the cash flow per unit has shown no tendency to keep up with rising acquisition costs.

Most individual railroads are not generating enough cash flow with current utilization and revenues to replace existing rolling stock, much less to continue other capital improvement programs and pay dividends. The number of freight cars owned and leased by Class I railroads did in fact decline over the 1960's from about 2 million to 1.8 million and had continued to fall to nearly 1.7 million in 1973.

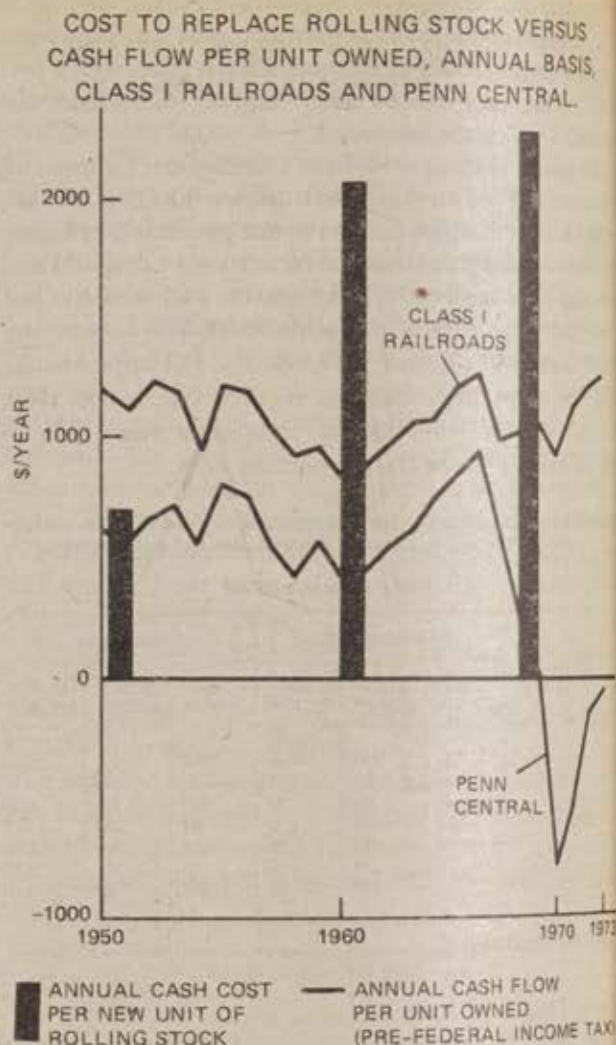
Dividends

In the face of declining earnings and cash flow, Class I railroads increased the level of dividends paid over

¹¹ Utilization of rolling stock may be equally or even more important.

¹² Harry S. Meislahn, "The Present Plight of the Railroads". No attempt was made to update the rolling stock cost, since the insufficiency of earnings was apparent.

FIGURE 4



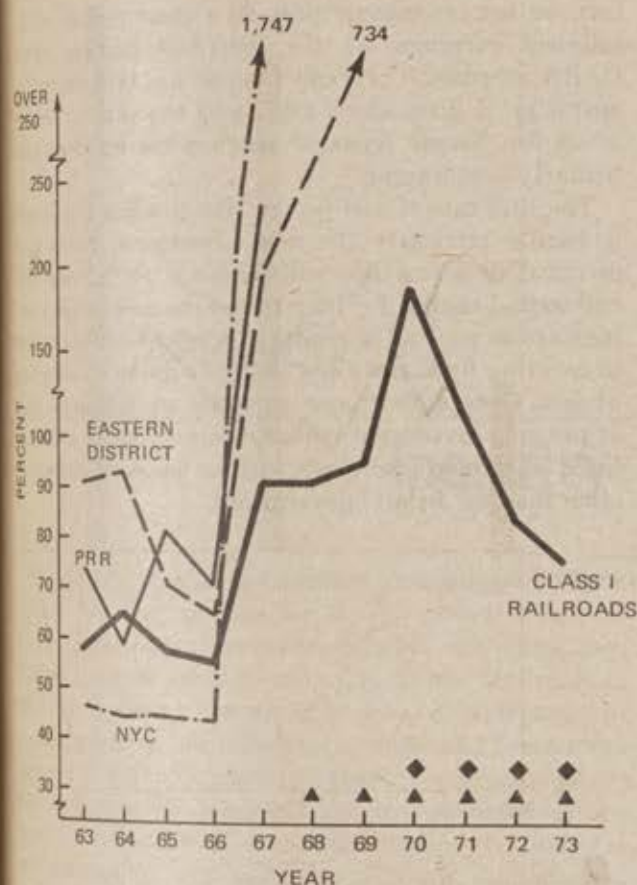
SOURCE: HARRY S. MEISLAHN, "THE PRESENT PLIGHT OF THE RAILROADS."

the 1960's. Cash dividends reached a high of \$518 million in 1969. The payout ratio of dividends to ordinary net income is shown in Figure 5. After remaining in the 50-70 range as a percent of ordinary net income in the early 1960's cash dividends of Class I railroads rose sharply from 1967 onward, and were in excess of net income in 1970 and 1971.

Figure 5 also shows the dividend payout ratio for the Eastern District and for the two partners in the Penn Central merger, the PRR and the NYC. As earnings fell from 1967, dividends were relatively stable, and the Eastern District payout ratio rose dramatically, with dividends in 1969 amounting to 734 percent of ordinary income. Further, the two merger partners, whose payouts were not very different from all Class I railroads in the early 1960's, continued to pay high dividends in the face of disappearing earnings, and NYC

FIGURE 5

CASH DIVIDENDS AS A PERCENT OF ORDINARY INCOME, 1963-1973, CLASS I RAILROADS, EASTERN DISTRICT RAILROADS, PRR AND NYC.



▲ PRR & NYC WERE MERGED IN 1968 INTO THE PENN CENTRAL WHICH HAD POSITIVE DIVIDENDS ON NEGATIVE ORDINARY INCOME IN 1968 AND 1969, NO DIVIDENDS THEREAFTER.

◆ EASTERN DISTRICT RAILROADS HAD POSITIVE DIVIDENDS ON NEGATIVE ORDINARY INCOME IN 1970-1973.

SOURCES: ASSOCIATION OF AMERICAN RAILROADS;
MOODY'S TRANSPORTATION MANUAL

dividends hit an astronomical 1,747 percent of income before income turned negative. Dividends continued to be paid in the face of losses in 1968 and 1969 and represented a considerable cash drain on the foundering Penn Central.

It is clear that a substantial portion of the available flow of funds has been diverted to dividends, though presumably funds are needed for capital betterment in the industry. This is true for all Class I railroads as well as the bankrupts. The maintenance of dividend levels does serve to keep equity issues attractive, and to the extent that management decisions promote the interests of the equity holders (owners), dividends could sub-

stitute for earnings growth while allowing gradual disinvestment from a declining industry.

Very little new funding has been done through equity issues so the attraction of new capital is not a likely motive for high dividends. The payout ratio does reflect to some extent the corporate structure of the railroad industry; ownership of subsidiary rail companies has been common practice, and dividends would facilitate transfers of funds to more profitable endeavors. Thus, it is evident that a sizeable portion of the flow of funds available to the rail industry intentionally is being paid out in the face of apparent internal needs for capital. Surely, this is a consequence of very low level of profits in the rail industry and is not unique to the Eastern District.

Working Capital

The end result of many years of desperate financial problems in the Eastern District, along with moderate declines of a similar but less immediately severe nature for the entire railroad industry, has been a sharp reduction in net working capital for Class I railroads, especially severe since the mid-1960's. Net working capital for all Class I railroads, excluding materials and supplies and before impending debt maturities, as shown in Table 6, amounted to \$678.7 million in 1952, \$646.8 million in 1962, but only \$21.1 million in 1972.

Many individual railroads show deficits in this short-term capital measure, and Class I railroads have shown

TABLE 6.—Net working capital¹ and current ratio² for Class I railroads

Year	United States ³		Eastern District railroads					
			All Eastern		USRA bankrupts ⁴		Other Eastern	
	Net working capital	Current ratio	Net working capital	Current ratio	Net working capital	Current ratio	Net working capital	Current ratio
1947	\$67.6	1.84	192.6	1.59				
1952	678.7	1.67	121.3	1.50				
1957	555.4	1.66	125.1	1.52				
1962	646.8	1.59	37.8	1.28				
1967	276.3	1.33	[42.5]	1.17	[73.6]	1.08	31.1	1.27
1968	152.7	1.25	[140.7]	1.05	[154.6]	.90	13.9	1.21
1969	50.1	1.20	[140.1]	1.06	[120.4]	.97	[13.7]	1.15
1970	109.1	1.23	[51.8]	1.14	[24.5]	1.14	[27.9]	1.13
1971	14.3	1.19	[105.4]	1.08	[89.6]	1.00	[15.8]	1.15
1972	21.1	1.18	[107.1]	1.06	[137.1]	.91	30.0	1.20
1973	194.1	1.27	[19.3]	1.13	[110.6]	.97	91.3	1.25

¹ Current assets (exclusive of material and supplies) less current liabilities (before impending maturities).

² Ratio of current assets (unadjusted) to current liabilities.

³ Excludes Amtrak.

⁴ 6 bankrupts, includes Erie Lackawanna, but excludes Lehigh and Hudson River Railroad as non-Class I.

Note: Figures in brackets indicate deficit.

Sources: Association of American Railroads; ICC "Transport Statistics" (partly from FRA tape); "Moody's Transportation Manual."

debt maturing within one year (not included in current liabilities) exceeding working capital since 1966. A major improvement during 1973, increasing to \$194.1 million, can be traced to a large expansion of long-term debt in the Southern District and reduced deficits in working capital in the east.

The net working capital of the Eastern District has been negative since 1967, and the six Class I USRA bankrupts have also shown negative net working capital as well as a current ratio (current assets to current liabilities) of less than unity. The "Other Eastern" carriers showed a weakness in working capital in 1969-1971, but they have maintained a current ratio above unity and have recovered sharply in the last two years. It should be noted that many industrial corporations were able to reduce their levels of net working capital during the 1960's, presumably reflecting tighter control on short-term balances and stable growth patterns in the economy, yet the sharp decline in the railroad industry's short-term financial position is much too dramatic to be explained by such economies.

Summary

Several measures of the financial condition of the railroads have been examined, with attention to Class I overall and subgroupings of the Eastern railroads. The earnings from railroad operations and the rate of return on net investment provide a clear picture of insufficient earnings for the bankrupt carriers under USRA auspices. The Penn Central has been recording operating deficits since 1967, and the rate of return levels for "Other Eastern" carriers has not been particularly encouraging.

The 1973 rate of 3.04 percent for all Class I railroads is hardly attractive for new investment. Short-term financial problems also will render it much more difficult to find capital for long-term expansion, when earnings are so poor as to render every year a crisis period in covering fixed costs and require continual refunding of debt. General shortages in capital markets in the face of pressing investment requirements across the economy could leave many railroads with no lender of last resort other than the federal government.

APPENDIX C

Industry Structure

A tentative operating structure was defined for each option described in Chapter 3. The objective was to quantify as many elements as possible, including such factors as: system size, including route and track miles; fleet size, including number of locomotives and cars; operating patterns, including train miles and locomotive unit miles operated; yarding functions required, including location and level of activity; the estimated service level for carload and intermodal traffic; the financial performance of each system, including profitability, cash flow and level of investment (both government and private); the impact of each structure on competition, as measured by market share and each county now served by a potential ConRail candidate carrier; and the estimated impact of each structure on solvent carriers and existing traffic flows in the Region.

Steps in the Analytical Process

ConRail I (excluding EL) was used as the base case in the analysis; the inefficiency of bankrupt carriers made any comparison with present services inconclusive. Therefore, an efficient ConRail I option was determined, with identification of all the specific factors listed above. For all other structures it was assumed each would be operated as efficiently as possible. For example, on the north/south split, the duplication of terminals and trackage which existed prior to the merger was not recreated; rather, a new "unmerged" system was synthesized which relied heavily on joint usage of

track and facilities to minimize operational costs. Without this basic assumption, it would be quite easy to load the answer against any structure except ConRail I.

The basic building block for analysis was the 1973 traffic flows and the estimated traffic growth factors from Temple, Barker & Sloane. In deriving the ConRail I baseline case, the present flows were adjusted to reflect operating changes which could occur with a merger of the carriers. The Marketing Group at USRA also studied the traffic flow information to determine what flows could be rerouted to ConRail long-haul operations and made estimates as to the amount of traffic which could be diverted.

Rail operations involve complex interrelationships between local switching, intermediate switching and the operation of mainline trains, and at every step there is a trade-off between capital requirements (yards, main and secondary tracks, locomotives and cars) and labor (road crews, crews at classification yards, local switching crews, maintenance of way forces, maintenance of equipment forces). The process is described in detail in Chapter 5.

Once the ConRail I baseline case was defined in a marketing and operational sense, then each of the other options was derived by adjusting the base ConRail I information. For example, with the vertical split at Selkirk (Albany) and Enola (Harrisburg), adjustments had to be made in both costs and revenues. Some moves were local to the eastern terminal district, many moves were local to the lines west, but a significant

portion crossed the boundary between ConRail East and West and revenue apportionment was therefore necessary.

Similarly, the specific costs of maintenance, rehabilitation, road operations, switching operations and classification operations had to be assigned to either the ConRail East or to ConRail West. Further adjustments had to be made which reflected additional activity that might occur because of the split, e.g., additional switching at Selkirk and Enola. Again, adjustments in revenue were necessary, for example, opening this large terminal district to direct access by Norfolk & Western and Chessie System has a potential for diversion of traffic which presently originates on PC lines in Newark and Philadelphia (for example) and is destined to Chicago or St. Louis.

Once the revenue and forecasts were made and the cost factors identified, by account, these basic revenues and operational factors were utilized by Financial Planning in determining profit (or loss) for each of the structures, and, within each structure, for each component element, e.g., ConRail North profit (or loss) versus ConRail South profit (or loss), the cash flow and investment requirements, both public and private. There are any number of financial options which are possible in terms of method of funding, interest rates, inflation factors, etc.; these are explained in detail in Chapter 14. Each comparison between structural options was made on a consistent basis.

The competitive impact of each of the alternative structures was analyzed by considering originations and terminations in the affected areas. County-by-county analysis was completed for the states of Pennsylvania, New York, New Jersey, Connecticut, Rhode Island and Massachusetts to determine how various combinations of bankrupt carriers would change competitive levels. The presence of solvent carriers elsewhere negated the need for such detailed analysis in other states. The competitive analysis focused on the issue of the level of market dominance created through each of the various structures and the distance from the individual county to the nearest competitive point where use of intermodal services or short hauling, etc., could be utilized.

In determining impact on other carriers, the initial analysis dealt only with the Norfolk & Western, Chessie System and Erie Lackawanna. Discussions were held with these carriers, and estimates received on how much revenue might be vulnerable under the ConRail I change. Estimates as to impact under other structural options were made by USRA's staff.

The above describes those items where an attempt was made to quantify the differences between the structures. Given the complexity of the industry structure decision and the ramifications of the various alternatives, no analytical technique gives a complete answer. For this reason, the options were identified in the USRA Annual Report so that public discussions could be fostered.

Members of the staff discussed the options with shippers, rail carriers in the Region (both bankrupt and solvent), state transportation representatives and members of the academic community. It was in this public discussion that the identification of certain options upon which individuals could focus was invaluable, as individuals and groups tended to hold fairly firm opinions on each of the structures presented and provided specific reasons why they liked or did not like certain aspects of each. It was not the acceptance or rejection of any concept (few accepted any concept unequivocally) which was so important, but rather the reasons given.

From the argumentation, it became possible to develop some idea of the basic elements of a solution. In addition, the public response was such that the early USRA decision to drop the Middle Atlantic Rail alternative from the detailed analysis clearly was determined to be a mistake. It was decided in early December to begin a detailed in-house study of the concept (one such analysis had been done by a consultant¹ but this analytical effort was overtaken by events—the admission by the Erie Lackawanna that it could not be reorganized under Section 77 and its request that it be reorganized under the Act.

Change in the status of the Erie-Lackawanna had a significant impact on the industry structure decision. Prior to this change, the evidence was clear that any structural alternative which significantly strengthened either ConRail I or the present solvent carriers would first and foremost impact on the Erie-Lackawanna. For example, it had become obvious that a possible transfer of Lehigh Valley route to either Norfolk & Western or Chessie, or a structure which essentially set up the Lehigh Valley as a feeder to one or both of those lines, would have serious ramifications upon Erie-Lackawanna. Change in the status of EL eliminated the need for certain very difficult decisions but presented new issues to be resolved.

Evaluating the Alternatives

The following is a detailed description of each of the operating structures considered by USRA: ConRail I, ConRail I Plus Neutral Terminal Companies, ConRail East and West, and ConRail North and South. In addition, the Middle Atlantic Rail concept is discussed, despite the fact that no analysis was completed. Each of the structural alternatives includes discussions of service and operating patterns, implications for competition, impact on solvent carriers, the results of the operational and financial analysis, RSPO and other public comments and the ramifications of the collapse of the Erie Lackawanna. The discussion concludes with USRA recommendation for each structure.

ConRail I contemplates first merger and then rehabilitation of all the carriers under the Act (but

¹ Strong, Wishart & Associates, Inc.

not EL). As originally envisioned, this option should have resulted in the maximum reduction in duplicate facilities and thus solved the most critical problem of finding the money and material to rebuild the fixed plant of the bankrupt carriers. It was presumed that this option would also offer the greatest opportunity for increased efficiency and utilization of equipment and therefore greater productivity of owned equipment and increased rents for foreign cars. Additional economies were anticipated as a result of the more concentrated traffic flows resulting from the dominant market share which ConRail I would enjoy along the eastern seaboard.

As delineated, the operating structure would consist of a merger of the Penn Central, the Reading, the Lehigh Valley, the Central of New Jersey, the Lehigh & Hudson River and the Ann Arbor. The ConRail I operating structures studied would have eliminated the Lehigh Valley as a main route north of Wilkes-Barre (but maintained it for north/south flows south of that point) and allowed for elimination of duplicate mainlines from the Harrisburg area into Philadelphia and Newark, making maximum utilization of the more favorable Reading route via Allentown for east/west routes.

Yard operations in the Harrisburg, Allentown, Philadelphia and Newark area would be integrated, with the best existing facilities being upgraded. It was originally thought that a significant amount of traffic originating on the lesser bankrupts could be rerouted for ConRail long haul; after an analysis of the traffic flows, it was apparent that this potential was significant but not overwhelming. The major traffic flows are eastbound and the present solvent carriers control the routings. The ConRail I alternative therefore assumed that major interchanges would continue to exist at Buffalo and at Lurgan; the operating plan was developed accordingly.

Despite the fact that it was assumed that major gateways would be continued, the potential exists for a ConRail rail service monopoly. The major impact is in southeastern Pennsylvania and central New Jersey—an area roughly bounded by Harrisburg, Allentown, Elizabeth, thence south to Trenton and Philadelphia. For example, the balance in Philadelphia and Montgomery Counties in Pennsylvania would shift from a 49-51 percent split between Reading and Penn Central originations and terminations to 92 percent ConRail I (Chessie has the remaining 8 percent) and 99 percent in Northampton County (the Allentown, Bethlehem-Easton area). Middlesex County, New Jersey (New Brunswick area) would shift from a 55 percent Penn Central share to 94 percent for ConRail I.

The impact on solvent carriers is rated as moderate. USRA estimates the total revenue diversion resulting from shifting traffic off the smaller bankrupts onto a

ConRail long haul would be in the range of \$50 to \$100 million. This figure has been essentially confirmed by the solvent carriers themselves. Chessie would suffer some loss of traffic over the Lurgan Gateway for east-west movements and from north-south traffic now moving between the Newark area and the Potomac Yard Gateway (Alexandria, Va.). Norfolk & Western's major loss would be the Lehigh Valley interchange at Buffalo including in all likelihood the present through container movements on that route; loss of some "Alphabet Route" traffic at Connellsville is also likely. Erie Lackawanna would lose Port Newark traffic off the Central of New Jersey and traffic from the Reading connection at Rupert (Pa.).

Because of its tenuous financial condition, this loss, while modest, would probably be the most severe of any of the carriers. As the ConRail I planning assumes that the Wilkes-Barre/Allentown/Philadelphia route will be maintained for through service, the Delaware & Hudson should remain competitive for north-south flows, although the Lehigh Valley's being eliminated as an east-west carrier would deny D&H one of their two interchanges for east-west traffic. There was little evidence that this would be detrimental, presuming that the Erie Lackawanna remained open to the west.

It must be noted that the USRA operating plan contemplated leaving the major junctions open, but this fact by itself does not guarantee the position of the present solvent carriers. ConRail I will be an independent entity and could seek to close routings in the future. Therefore, the risks exist that certain major flows would be affected.

The operational and financial results indicate that, of the operational structures analyzed, ConRail I has the best financial results. These results however are not sufficient to call ConRail I a truly private sector solution. The federal funding requirements are well in excess of the Act and it appears that there will be government involvement for a long duration. As noted above, these results for ConRail I are not based on significant traffic diversion. What ConRail I can achieve is a rationalization of the debilitated route structure east of Harrisburg, and it has maximum flexibility in developing more efficient yard and switching operations along the eastern seaboard—largely by making use of yards, such as Enola and Conway as staging areas for the east coast cities. Elimination of duplication and use of the best remaining facilities are therefore the critical elements in its relative performance.

In terms of implementation, ConRail I is not assessed to be a difficult merger to implement. It represents the folding of a number of the smaller carriers into one large carrier—the type of merger which historically has been the easiest to consummate. The process, to be effective, would nevertheless require several years.

Comments by the Rail Services Planning Office, shippers, rail carriers and members of the general public indicate grave reservations about the ConRail I alternative. The RSPO notes that "as a result of ConRail's virtual monopoly on the major traffic generating area of the east, traffic now handled by the competing line-haul carriers would no longer be readily available to them." It further notes that the "impact on Erie Lackawanna . . . would almost certainly be devastating." RSPO expressed a special concern over the lack of alternative competitive north/south routes; as noted earlier, USRA's operating plan allowed continuation of the Philadelphia to Wilkes-Barre link, but certainly the potential exist for ConRail closing it in the future.

The State of Pennsylvania was especially vocal in its objection to the monopoly created by ConRail I in southeastern Pennsylvania. New York State expressed less concern *provided* that some means was found to strengthen the Erie Lackawanna (a comment made of course before the Erie Lackawanna's collapse). Delaware & Hudson expressed special concern over the potential loss of the north-south route. Chessie and Norfolk & Western were concerned about possible diversions of traffic, but their greatest fear was ConRail I would emerge as a government-financed competitor which, once rebuilt, would severely undermine their competitive position.

The effect of the Erie Lackawanna change makes all of the above objections to ConRail I even more telling. So long as the Erie Lackawanna remained as a competitor, then the Northern New Jersey markets had competition (Erie Lackawanna counts for 35 percent of the originations and terminations in the Newark SMSA), New York state had a competitive alternative along the southern tier and competition would have remained in Utica and Syracuse. Had Erie Lackawanna remained independent, then Delaware & Hudson would have a connection for its east-west traffic—a route which is important not only to D&H but also to Boston & Maine and its eastern connections.

With the inclusion of Erie Lackawanna in ConRail I, the Boston & Maine would essentially be turned into a feeder to the ConRail system at Selkirk (Albany); the Delaware & Hudson would lose its base traffic volume and probably would no longer be able to continue as an independent entity; Northern New Jersey would join Central New Jersey and Southeastern Pennsylvania as being a complete monopoly area; and most of New York State and Northeast Pennsylvania would be denied rail-rail competition. In effect the monopolistic area of the original ConRail I concept—roughly a triangle from Harrisburg to New Brunswick to Philadelphia—would be expanded to encompass virtually all of New Jersey, New York and Pennsylvania with the inclusion of EL into CRC.

It was the conclusion of the Association that, even discounting the impact of the Erie Lackawanna and its

possible inclusion in the CRC I, the CRC I concept was too insensitive to adequate rail competition in key markets. The monopoly power of the railroad in these markets would perhaps be justified if the financial viability of ConRail I was dependent on the achievement of this monopoly position.

ConRail I/Neutral Terminal Companies

The ConRail I/Neutral Terminal Company structure was originally proposed as a means of assuring continued competition in certain key markets along the eastern seaboard without the attendant duplication of facilities and operations which would otherwise result. ConRail I would have to be formed in the same manner as outlined previously, with the exception that neutral terminal companies would be formed in the Newark/New Brunswick area, in the Philadelphia metropolitan area and perhaps in the Allentown area. As envisioned, these terminal companies would be jointly used subsidiaries of the line haul carriers serving the markets.

The operating pattern studied would have had Chessie System with access to Philadelphia (from the south over its own line, or from the Harrisburg area over trackage rights or joint facilities with ConRail through Reading), and either the Norfolk & Western or the Chessie System with access into the Newark area; Chessie over the present Reading/LV and Norfolk & Western would have access from Buffalo over the LV. This structure also presumed that the Erie-Lackawanna would not open up its traffic in the Newark area, and therefore the neutral terminal company would not be all inclusive.

As compared to the present situation, competition would be somewhat diminished as many lesser markets would have single carrier service only. The major markets of Newark, Philadelphia and Allentown would, however, gain a greater degree of competition than exist today. Except for Jersey City, these markets do not have reciprocal switching; thus a shipper located on the Penn Central, for example, must generally route traffic over that carrier to the first open junction.

With the neutral terminal company, a shipper presently on the Penn Central could route traffic out directly on either Penn Central (ConRail I) or Chessie System; similarly a shipper on the Reading could route either Chessie or ConRail direct. Clearly this structure is more competitive than the ConRail I alternative and, even compared to today's situation, would represent increased competition in the major markets.

With the exception of Erie Lackawanna, the impact on solvents of the ConRail I/Neutral Terminal Company option was judged to be minimal. Both Chessie and Norfolk & Western would gain direct access into the major eastern seaboard markets and could provide single carrier service without reliance on bankrupt connections.

In addition, all industries would be "open" in these major markets and, because Penn Central tends to be the largest carrier in both markets now, Chessie and Norfolk & Western potentially could gain traffic at ConRail's expense. This threat of diversion is especially critical in the early years when ConRail's debilitated plant and equipment shortages would place it at a competitive disadvantage.

The impact on Erie-Lackawanna would be negative. While that carrier could have participated in additional Newark area traffic, this would be offset by additional single-carrier competition between Newark and the midwest. This additional service could be an especially critical factor for service sensitive TOFC traffic. In addition to the Erie Lackawanna's potential problems, the possibility of ConRail severing the Wilkes-Barre-to-Philadelphia competitive link and isolating Delaware & Hudson's north-south flows remains a possibility under this alternative.

From an operational and financial point of view, the ConRail I/Neutral Terminal Company option was assessed as only slightly worse than the ConRail I structure. The neutral terminal concept would allow terminal rationalization in the major markets, and provision of solvent carrier access over trackage rights would eliminate the requirement for duplicative mainlines (except for the present Lehigh Valley main from Sayre to Buffalo, if the Norfolk & Western or Chessie were provided access from that Gateway).

There would be an increase in yard switching hours at the neutral terminals resulting from the requirement that cars be sorted into and out of line haul trains in the terminal area rather than making direct moves to larger and potentially more efficient classification facilities such as Rutherford and Enola. Also, there would be a slight increase in car requirements due to less efficient handling between line haul carriers and the neutral terminal companies at these points, as there would be some division of responsibility at the operational level; the priorities for the terminal company would not always mesh with that of the line haul operator.

Implementation was not judged to be a serious problem. More entities would be formed than with CRCI but they would be relatively small, controlled by the line haul companies and would encompass areas requiring specialized management under any configuration.

Overall, the Rail Service Planning Office comments and those received from shippers and the general public were much more favorable towards this solution than that of ConRail I, as it began to solve some of the competitive problems. There was some concern expressed regarding the possible deterioration of service; the experience of many shippers with neutral terminal companies has not been good. Additional concern was expressed regarding the level of surcharges which these terminal companies might have to impose to cover their

costs. While these terminals are costly to serve the same can be said for most highly congested urban terminal areas, whether on the eastern seaboard or in the midwest or on the west coast.

To the extent that certain terminals may be unprofitable, it is probably more a function of the type of traffic handled than the fact that it originates or terminates in a major urban area. For example, the major eastern seaboard population centers are important receivers of agricultural commodities, such as fruits and vegetables, which historically move at low rate levels.

The failure of the Erie Lackawanna and potential loss of competition in Northern New Jersey makes the ConRail I/Neutral Terminal Company option much more attractive. The EL's failure also renders moot the issue of whether a solvent carrier should have access to the Newark area because of the impact on EL. While the neutral terminal concept does tend to solve the Newark competitive problem, it does not resolve the question of competition in New York State nor the continuation of a friendly connection for the Delaware & Hudson at Binghamton for east-west. The change in EL's status of the Erie thus makes the concept more compelling but renders the implementation more difficult.

It was the conclusion of the Association that the basic objective of the ConRail I/Neutral Terminal Company option—that of maintaining competition in important markets while minimizing the duplication of mainlines, terminal facilities, and operations is a start towards a possible resolution of the structure problem. It was the Board's assessment however, that the precise operational plan outlined would require substantial revision in light of the Erie Lackawanna situation. Also, the Association was reluctant to create new institutions which would be a barrier to the efficient functioning of the line haul carrier.

ConRail East and West

As originally envisioned, this option would respond to the unique operating environment of an area in which the majority of duplicate services and facilities of the bankrupt carriers are located and in which the Northeast Corridor Passenger Improvement Program will restrict current patterns of freight operations. The alternative organizes ConRail East as a major terminal operation in the area east of Albany and Harrisburg; ConRail West would be a separate entity consisting of the Penn Central lines and the Ann Arbor. ConRail East would provide all switching services for cars originating and terminating in the area and would then provide line haul service to the major interchange points of Selkirk, N.Y. (Albany), Allentown, Enola (Harrisburg, Pa.) and Potomac Yard (Alexandria, Va.)

At each of these Gateways, connecting services would be available from two or more carriers. The boundaries were drawn to encompass the lines of the former New

Haven and Southern New England (except those in the Boston area), the Hudson and River Divisions of the Penn Central as far as Selkirk, thence a line east of the Delaware & Hudson/Lehigh Valley main line to Allentown. Allentown would be in the ConRail East area from that point, CRC East would go to Enola and then turn southeasterly to the Penn Central's Columbia and Port Deposit Branch to Perryville.

The Delmarva peninsula was assumed to be in CRC East. Finally, it was assumed that ConRail East would have the responsibility for all of the present Penn Central's north-south traffic moving between Selkirk, Newark, Philadelphia and Washington. Baltimore and Boston were excluded from the CRC East as they have competitive services.

On long haul traffic, more competition would be available than now exists for shippers within this geographic area. Conversely, for short haul traffic (such as New Haven to Baltimore), ConRail East would enjoy a total monopoly. The routing options for a shipper at Philadelphia would be even more extensive than would be the case if a neutral terminal company existed. For example, a shipper now located on the Penn Central in Philadelphia would have an option of routing a car to Harrisburg where two carriers (Chessie and ConRail West) would be available, or the car could be routed to Allentown for delivery to the Norfolk & Western.

Similarly, a shipper in New Haven, now captive on the Penn Central's system, would have the capability of sending a car destined for Chicago to either Selkirk or Allentown or Harrisburg and would have a choice of ConRail West, Chessie, Norfolk & Western or (prior to its failure) the Erie Lackawanna for line haul movement. Thus, the ConRail concept opens up a large area to more competitive long haul service than exists today, even though it would create a monopoly for the limited number of short haul moves within the defined area.

Except for the Erie Lackawanna and perhaps the Delaware & Hudson for its north-south flows over Wilkes-Barre, the impact on the solvents would generally be favorable in comparison to what exists today. A very large traffic base—some two million-plus carloads originating and terminating annually—would be potentially available; much of this traffic is now captive to the Penn Central System.

The operational factors and the financial results for ConRail East and West show a marked deterioration from the ConRail I baseline. ConRail East functions as a "giant New Haven." Because of its size, it is unlikely that it could be managed as a joint operation under the managerial control of the connecting carriers; its objectives are not therefore likely to mesh with those of its connecting lines.

This option allows virtually the same degree of plant and terminal rationalization as with ConRail I, the major deterioration in operating and financial performance is in the area of car requirements and switching.

This poor performance is due in turn to the balkanization of responsibility; as a connector to many trunk line carriers, ConRail East is really responsible to no one, nor does it have great incentives to form a "natural alliance" such as Boston & Maine has with Delaware & Hudson.

Financially, ConRail East appeared to be a major loser throughout the 10-year forecast. These losses were not offset by profits of the western company; it was about as profitable as the larger CRCL. By opening up a large portion of the present east coast Penn Central traffic base, the ConRail West could suffer substantial traffic losses to both Chessie and the Norfolk & Western, in addition, the rehabilitation costs are highly concentrated on ConRail West.

This structure presents some implementation problems. It breaks through flows presently moving over the Penn Central. ConRail East is formed by amalgamating most of the smaller bankrupts with the Penn Central lines within that territory and, these Penn Central lines must be sheared from the present operating company; an "unmerger" and a merger are occurring simultaneously. It is believed that the implementation problems are manageable, however, as the interface points have been kept to a minimum and are located at yards where there is already a significant amount of intermediate switching activity.

Furthermore, the present Penn Central operational management structure already recognizes the unique problems in the east—especially those dealing with the heavy flows of intercity passenger and commuter trains—and thus, to a large degree, an autonomous management structure has already been developed.

While RSPO had little to say about this alternative beyond a reference that it was largely an expansion of the neutral terminal company structure, shippers and states had much stronger opinions. Both groups tended to view ConRail East as an expanded version of the old New Haven and expressed concern that it embodied the worst of all possible worlds—a potentially monopolistic attitude (unlike neutral terminal companies, the line haul carriers would have little influence on its operating policies) and a feeling that, if it failed, it would fail on such a large scale as effectively to destroy rail transportation on the eastern seaboard.

Also, many shippers and states saw it as an attempt to "contain" nationalization and visualized the ConRail East company as being a permanent loser, forever on the federal dole. The concept did receive considerable support from solvent carriers; they felt that the eastern seaboard had so many problems in terms of passenger operations and duplicative, obsolete facilities that it would be a hopeless drain on profitability were they to participate in any aspects of these markets. Thus, ConRail East effectively walled off what they believed to be an extremely high risk area (especially because of the passenger service), while concurrently providing them

with access to a far larger traffic base than they presently enjoy.

As was the case with the neutral terminal option, failure of the Erie Lackawanna makes the concept easier to implement (EL had indicated no desire to transfer its eastern properties to ConRail East), and the difficult decision as to whether a solvent carrier should be allowed access east from Buffalo to the detriment of Erie-Lackawanna is avoided.

Inclusion of the EL into the planning process, coupled with a ConRail East, would also allow extension of the solvent carrier from Buffalo with a minimum of facility duplication. CRC East does not resolve the basic dilemma of what to do with the Erie Lackawanna route through Southern New York to Binghamton. The implications of a failure to solve this access problem could result in the ConRail East effectively encompassing the Delaware & Hudson and Boston & Maine as they would lack friendly connections for their traffic.

In the judgment of the Association, the ConRail East/Penn Central West solution should be rejected. The financial results indicate a high probability that ConRail East effectively would be a nationalized feeder system on the eastern seaboard. This, coupled with the hostility of the eastern seaboard states to the concept, make it extremely unattractive.

ConRail North and ConRail South

In the ConRail North and ConRail South alternative, consideration was given to the unmerging of the Penn Central system. There is a large body of both professional and lay opinion that the Penn Central merger was a mistake and that many of the difficulties of that carrier can be ascribed to its size. This alternative would break up the Penn Central into two firms with route structures roughly following the mainlines of the pre-merger Pennsylvania and New York Central Railroads.

The smaller bankrupts would then be merged into one of the two systems. The operational plans studied assumed that the Reading would be merged with ConRail South and that the Central of New Jersey, the Lehigh Valley, the Lehigh & Hudson River and the Ann Arbor would be merged with ConRail North. The former New Haven properties would go to ConRail North.

In developing this structure, a primary goal was to hold duplication of plant and facilities to an absolute minimum and to minimize fragmentation of traffic flows insofar as was feasible. The huge cost of rehabilitation made it apparent that, were the Pennsylvania and New York Central recreated in their former duplicative fashion, there could be no possible financial justification for this alternative. Therefore, joint trackage and joint terminal operations were assumed wherever possible, except for New York to Chicago and New

York to St. Louis, and the overriding goal elsewhere was to avoid fragmentation of traffic flow facilities. To a large degree, the basic system configuration, except for the densest mainlines, was a derived function based on minimizing the fragmentation traffic flows.

Overall, some deterioration of service could be measured. For those flows which had to be interchanged, an additional delay was added to the process. Overall, however, this service degradation was not assessed to be very severe and not of sufficient magnitude to warrant rejection of the concept.

As the lesser bankrupts have been assigned to ConRail North or ConRail South in such a manner as to reduce duplication, the resulting competitive structure is quite similar to that of ConRail I in that area east of the Ohio/Pennsylvania line. The exception is the Newark area where both carriers would provide service. Philadelphia, as was the case with ConRail I, would find itself virtually monopolized by the ConRail South system. There would be some addition in competition in the States of Ohio, Indiana and Illinois, but this was held to an absolute minimum to minimize costs and because the solvent carriers' presence in these states already provides adequate competition.

While competition, measured by market dominance in individual markets, is not much different from CRC I, there is an intangible factor which must be considered. Unmerging the Penn Central does provide two carriers more similar in size to Chessie and Norfolk & Western and thereby results in a system less likely to affect adversely either of those carriers. Furthermore, if only one of the resulting systems were to fail, it is less likely to require major federal intervention.

The impact on solvents is judged to be about the same as under ConRail I, given the alignment of smaller carriers which has been set up. There is an offset to this, however, in that each of the solvent carriers would tend to form a working relationship with ConRail North (a likely partner would be Chessie for many flows), and ConRail South would find "friendly" connections such as N&W and DT&I. The primary advantage, as noted above, would be that the solvents would no longer be up against a system largely dominating most market pairs in the Region.

The operational and financial results for ConRail North and ConRail South are the least attractive of the structures analyzed. Despite attempts to operate the two systems as efficiently as possible, including joint use of yards and tracks, the operation of run through trains wherever practical, and actually building the systems around the traffic flows as much as possible, the results are significantly worse than for ConRail I.

The fixed plant costs, including rehabilitation, stayed approximately the same, reflecting the heavy use of joint operations, but the introduction of two systems has a significant impact on car turnaround times for certain flows which now must be switched between railroads

and also because flows are fragmented, e.g., heavy flows between New York and Chicago are split between the North and South systems. Furthermore, car rents go up significantly because of the need of the two competitive systems to maintain surplus cars for competitive purposes.

In terms of the ability to implement, this is by far the most complex structural option. Dismemberment of a railway firm this size has never been attempted before. Based on industry experience that effective implementation of a large scale merger takes approximately five years (Seaboard Coast Line, Burlington Northern), it is USRA's assessment that the unmerger of Penn Central would take at least that long and possibly could run to a full decade.

Staffing of the two separate entities is difficult, given existing shortages of qualified management. Many of the work functions have been consolidated since merger; this structure would involve relocation of personnel; work now concentrated at Altoona and Samuel Ray Shop at Holidaysburg, for example, would be split with a significant number of the skilled workers being required at a new major shop on ConRail North.

The RSPO expressed concern about the duplication of facilities which would result from the ConRail North and South split. Comments from state and local planners, from transportation economists and from a large segment of the general public, however, indicate a broad support for the unmerger alternative. This support seems to be based on three factors: (1) the feeling that the merger was a grievous mistake, (2) a fear that if Penn Central stays intact and in fact grows somewhat larger, another failure of that company would likely lead to nationalization, and (3) that unmerging of the Penn Central would provide better competitive balance based on a four-system east competitive network.

It is further argued that the unmerging would allow, eventually, amalgamation with the solvents in the region to produce a basic two-carrier system or facilitate end-to-end mergers. While many shippers supported the idea in the abstract, there was concern expressed about whether it could in fact be implemented and a fear of service deterioration during the implementation process. Most rail carriers, even those that stood to gain competitively, were dubious about the possibilities for implementation.

Erie Lackawanna's changed status complicates the ConRail North and South structure significantly. The EL does not fit with the North System without creating a monopoly in New England and all of New York State. It could be merged with ConRail South, but this

in essence would be adding to the duplication of facilities, an unattractive choice given the financial results for ConRail North and South. This structural option therefore does not solve the Erie Lackawanna problem.

It was the judgment of the Association that the ConRail North and South structure should be rejected because of its poor financial performance compared against the other alternatives and, more importantly, the serious question of how the process of breaking up the Penn Central could be accomplished. While the structure was attractive in terms of its long term possibilities, it was judged that these advantages did not warrant the risk inherent in creating another five or possibly 10 years of instability in the Region's rail services caused by the unmerging process.

Middle Atlantic Rail Proposal

In the public discussions following the issuance of the Annual Report, there was considerable opinion voiced that USRA should have also studied merger of CNJ, RDG and LV into a single entity—Middle Atlantic Rail (MARC). This alternative, it was argued, could be implemented readily and would provide the necessary competition.

The original USRA rejection of the concept was based on several factors. A USRA consultant, Strong Wishart & Associates, looked at the financial projections that indicated the MARC amalgamation would be a disaster. MARC had too much duplication, resulting in excessive rehabilitation costs. It was a system which was inherently dependent on the solvent carriers in the Region; if they chose to give MARC active support, it could have a degree of success, but if they did not it would fail. MARC alone would not result in effective competition; it was the link up of MARC with the solvent carriers which truly provided the balance to Penn Central.

In working with the other structural options, ways were found to achieve some of the benefits of competition without having to duplicate facilities everywhere. Detailed analysis of line haul coordination projects in the west indicated that one could, in fact, operate competitive services over the same fixed plant without degradation in service levels. As a result of the Erie Lackawanna change, the Association began to undertake a more detailed study of how MARC might function and what its financial results would be if the MARC roads were merged with EL. This MARC-EL alternative is still under study by USRA but definitive results are not yet available.

APPENDIX D

Coordination Projects

Significance of Section 206(d)(3) Findings

The specific requirements of Section 206(d)(3) are clearly intended to place certain limitations on acquisitions by profitable railroads as part of the restructuring of a regional rail system. At the same time Section 206(d)(3) must be applied in a way which balances its specific intent with the general purposes of the Act and goals of the Final System Plan. This means that Section 206(d)(3) should be applied so as (i) to eliminate from further consideration those proposed acquisitions by a profitable railroad as to which, whether singly or cumulatively, USRA is now unable to find a lack of material impairment of profitability of ConRail or any other railroad in the Region, but (ii) not to preclude, prematurely and permanently, as possible final system plan designations, various proposed acquisitions which may ultimately be shown to further the purposes and goals of the Act and plan.

It must be emphasized that the Association's determinations under Section 206(d)(3) cover nothing more than the issue of material impairment of profitability. They are not general public interest findings, nor are they addressed to whether any particular acquisitions would ultimately prove consistent with the goals and purposes of the plan and Act.

Section 206(d)(3) requires that USRA's "material impairment of profitability" determinations be made at the time of adoption and release of the preliminary system plan. Within the next 90 days the I.C.C. is re-

quired to make further determinations as to the consistency of those proposed acquisitions not excluded from further consideration by the Association with the standards of Section 5 of the Interstate Commerce Act.

Those proposed acquisitions which remain following all the processes of Section 206(d)(3) may or may not be included in the final system plan, whether as actual designations under Section 206(c) or as recommendations for future considerations under Section 206(g).

Coordination and Minor Market Extensions

Appendix D-1 is comprised of proposals by carriers within the Region to implement trackage coordination agreements and minor market extensions. The former type of proposals will produce cost savings and do not involve any shift in markets. The latter involves extensions to relatively small markets. Savings which would be realized by the railroads through implementation of trackage right agreements will not adversely affect any other railroad in the Region. Consequently, USRA has determined that they will not, either singly or cumulatively, materially impair the profitability of any railroad including ConRail in the Region. It has also determined that the minor market changes which involve insignificant traffic shifts will not, either singly or cumulatively, impair the profitability of any railroad including ConRail in the Region. Objection from other railroads to any of these projects has been minimal.

Appendix D-1 (Coordination and Minor Market Extensions)

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail

Project I D	Location	Description of project	Service continued		Note
			Location	By	
IL-1.....	Bement, Ill., Sullivan, Ill.....	Norfolk & Western to abandon its line from Bement to Sullivan, with intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service continued."	Hammond, Ill..... [Lovington, Ill.]..... Sullivan, Ill..... Sullivan, Ill.....	B&O..... PC..... C&EI..... ICG.....	1 2
IL-2.....	Elvaston, Ill., Versailles, Ill.....	Norfolk & Western to abandon its line from Versailles to Elvaston, its trackage rights over Toledo, Peoria & Western from Elvaston to Keokuk, Iowa, and its trackage rights over Burlington Northern from Quincy to Golden, and turn its Keokuk traffic over to TP&W at either Peoria or Forrest for handling into Keokuk for a per car charge. Intersecting railroads would acquire the N&W track and traffic at or near the points shown under "Service continued."	Carthage, Ill..... Elvaston, Ill..... Golden, Ill.....	BN..... TP&W..... BN.....	
IL-3.....	Joan, Ill., Mitchell, Ill.....	Burlington Northern and Chicago & Eastern Illinois (Missouri Pacific) to jointly acquire the Penn Central line from Joan to Mitchell over which C&EI currently has trackage rights. Penn Central (ConRail) would retain trackage rights over the line if it so desired.	All points on acquired segment.....	BN..... C&EI.....	3
IL-4.....	Beardstown, Ill., Springfield, Ill.....	Baltimore & Ohio (Chesapeake System) to abandon its line from Springfield to Beardstown with intersecting railroads to acquire the B&O track and traffic at or near the points shown under "Service Continued."	Ashland, Ill..... Beardstown, Ill.....	ICG..... BN.....	
IL-5.....	Flora, Ill., Shawneetown, Ill.....	Baltimore & Ohio (Chesapeake System) to abandon its line from Flora to Shawneetown, with intersecting railroads to acquire the B&O track and traffic at or near the points shown under "Service continued."	Duncan, Ill..... Enfield, Ill..... Fairfield, Ill..... Junction, Ill..... New Shawneetown, Ill..... [Norris City, Ill.]..... Shawneetown, Ill..... Wyatt, Ill.....	L&N..... L&N..... SOU..... L&N..... L&N..... PC..... L&N..... L&N.....	2
IL-6.....	Danville, Ill., Westville, Ill.....	Chicago & Eastern Illinois (Missouri Pacific) to acquire from Penn Central a line from Westville north to the Peoria & Eastern (PC) near Tilton and east over the P&E to a point within Danville. C&EI currently has trackage rights over this segment, and Penn Central (ConRail) could retain trackage rights over the segment if it so desired.	All points on acquired segment.....	C&EI.....	
IL-7.....	Chicago, Ill., Danville, Ill., Paris, Ill.....	Louisville & Nashville (Family Lines) to grant Penn Central (ConRail) trackage rights over its line from Paris to Danville and The Milwaukee Road to grant PC trackage rights from Danville to Chicago (Blue Island), allowing PC to abandon its line from Paris through Danville to Chicago. PC track and traffic at or near the points shown under "Service continued" would be acquired by intersecting railroads.	Chrisman, Ill..... Handy, Ind..... Ridge Farm, Ill..... St. John, Ind..... Westville, Ill..... [Kentland, Ill.]..... [Sheff, Ind.]..... [St. John, Ind.]..... Schneider, Ind.....	B&O..... N&W..... N&W..... L&N..... C&EI..... PC..... PC..... PC..... PC.....	4 5
IL-8.....	E. St. Louis, Ill., Pana, Ill., Terre Haute, Ind.....	Chicago & Eastern Illinois (Missouri Pacific) to acquire from Penn Central its line from E. St. Louis to Pana, allowing PC to downgrade or abandon its line from Pana to Terre Haute (Paris). C&EI now has trackage rights over this segment, and would grant Penn Central (ConRail) trackage rights should it desire to keep the line intact as a through route.	All points on acquired segment.....	C&EI.....	1
IL-9.....	E. Peoria, Ill., Farndale Jct., Ill.....	Norfolk & Western to abandon its line from east Peoria to Farndale Junction and acquire trackage rights between those points over Toledo, Peoria & Western. Illinois Terminal Railroad, which now has trackage rights over N&W, would also operate over TP&W.	No industries on abandoned line.....		
IL-10.....	Bridge Jct., Ill., East Alton, Ill.....	Illinois Central Gulf to acquire Penn Central's line from Bridge Junction to East Alton, a large portion of which ICG and PC currently operate on a paired track basis. Burlington Northern, Chicago & Eastern Illinois (Missouri Pacific), and Illinois Terminal now have trackage rights over this segment and such rights would continue. PC (ConRail) would also be granted trackage rights if it so desired.	All points on acquired segment.....	ICG.....	2

See notes at end of table.

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
IL-11	Indianapolis, Ind., Decatur, Ill.	Baltimore & Ohio (Chessie System) to abandon its lines from Indianapolis (Speedway), Ind., to Newman, Ill., and from Ficklin, Ill., to Decatur, Ill., and acquire trackage rights over Penn Central from Indianapolis to Decatur via Terre Haute. B&O would also acquire trackage rights over Illinois Central Gulf from Arcola to Tuscola so it could continue service on its remaining line between Ficklin and Newman. Intersecting railroads would acquire the abandoned B&O track and traffic at or near the points shown under "Service continued."	Chrisman, Ill. [Gulon, Ind.] Hammond, Ill. Hillsdale, Ind. Metcal, Ill. Roachdale, Ind. W. Dana, Ind.	PC PC N&W L&N N&W L&N MILW	5 2
IL-12	Boody, Ill., Springfield, Ill., Taylorville, Ill.	Baltimore & Ohio (Chessie System) to abandon its line from Boody to Springfield and either acquire trackage rights over Norfolk & Western from Boody to Taylorville and operate over its own line from Taylorville to Springfield, or acquire trackage rights over N&W directly from Decatur to Springfield.	None on the abandoned segment		6
IL-13	Flora, Ill., Springfield, Ill.	Baltimore & Ohio to abandon its line from Flora to Springfield, with intersecting railroads to acquire the B&O track and traffic at or near the points shown under "Service Continued."	[Altamont, Ill.] Cowden, Ill. Edgewood, Ill. [Pana, Ill.] Pana, Ill. Taylorville, Ill. [Tower Hill, Ill.]	PC N&W ICG PC ICG N&W PC	2 7
IL-14	America, Ill., Forman, Ill.	Burlington Northern to acquire Penn Central's line from America to Forman.	All points on acquired segment now receiving rail service.	BN	
IL-A0	Various	For other coordinations and minor market extensions that involve the State of Illinois to a lesser extent, see projects IN-5, IN-8, and IN-14.	Not applicable	N/A	
IN-1	Jeffersonville, Ind., Louisville, Ky., N. Vernon, Ind., Seymour, Ind.	Baltimore & Ohio (Chessie System) to abandon its line from North Vernon to Jeffersonville (Louisville) and acquire trackage rights over Penn Central (ConRail) from Seymour to Jeffersonville; or B&O to grant PC (ConRail) trackage rights from North Vernon to Jeffersonville allowing PC (ConRail) to abandon Seymour to Jeffersonville.	None on the segment to be abandoned.		
IN-2	Connersville, Ind., New Castle, Ind.	Norfolk & Western to abandon its lines from New Castle to Cambridge City and from Beeson to Connersville, with Penn Central (ConRail) to acquire the portion between Cambridge City and Beeson over which it now has trackage rights. Intersecting railroads would acquire the N&W, track and traffic at or near the points shown under "Service continued."	[Beeson, Ind.] Connersville, Ind. [Connersville, Ind.] [Milton, Ind.]	PC B&O PC PC	2 8
IN-3	Cottage Grove, Ind., Indianapolis, Ind.	Baltimore & Ohio (Chessie System) to abandon its line from Cottage Grove to Indianapolis and acquire trackage rights over Penn Central (ConRail) from Cincinnati to Indianapolis. Intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	Connersville, Ind. [Connersville, Ind.] Rushville, Ind. [Rushville, Ind.]	N&W PC N&W PC	2 9
IN-4	Dillon, Ind., Gary, Ind.	Norfolk & Western to abandon its line from Dillon to Gary (Tolleston) with intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service Continued."	Westville, Ind.	L&N	
IN-5	Chicago Hts., Ill., Porter, Ind.	Elgin, Joliet & Eastern to grant Penn Central (ConRail) trackage rights over its line from Porter to Chicago Heights, allowing PC (ConRail) to abandon its parallel line.	None on the segment to be abandoned.		
IN-6	Fort Wayne, Ind., Muncie, Ind.	Norfolk & Western to abandon its lines from Fort Wayne (Waynedale) to Kingsland and Bluffton to Muncie, with Erie-Lackawanna to acquire the remaining segment between Kingsland and Bluffton. Intersecting railroads would acquire the N&W track and traffic at or near the points shown under "Service Continued."	Bluffton, Ind. Hartford City, Ind. Kingsland, Ind.	E-L PC E-L	10
IN-7	Montpelier, Ohio, Wakarusa, Ind.	Norfolk & Western to abandon its lines from Montpelier (Pergo), Ohio, to Topeka, Indiana, and from Millersburg, Indiana, to Wakarusa, Indiana, with the remaining segment between Topeka and Millersburg to be acquired by Penn Central (ConRail) or also abandoned. Intersecting railroads would acquire the N&W track and traffic at or near the points shown under "Service Continued."	Millersburg, Ind. New Paris, Ind. Topeka, Ind. [Walcottville, Ind.]	PC PC PC PC	2

See notes at end of table.

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
IN-8	Chicago, Ill., Fort Wayne, Ind.	Norfolk & Western and Penn Central (ConRail) to acquire trackage rights on each others line between Fort Wayne and Chicago (Hobart, Ind.) and operate on a paired track basis.	All on each line by its owner		
IN-9	Griffith, Ind., LaCrosse, Ind., Pine Jet, Ind., State Line, Ind., Wellsboro, Ind.	Chesapeake & Ohio (Chessie System) to abandon its line from LaCrosse to Griffith and acquire trackage rights over Baltimore & Ohio (Chessie System) from Wellsboro to Pine Junction. The C&O line from Griffith to State Line would be acquired by Erie-Lackawanna, which is currently a joint operator on that segment.	None on the segment to be abandoned		11
IN-10	New Castle, Ind., Rushville, Ind.	Norfolk & Western to abandon its line from New Castle to Rushville, with intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service Continued."	Dunreith, Ind. Rushville, Ind. [Rushville, Ind.]	PC B&O PC	11
IN-11	Greencastle, Ind., Indianapolis, Ind.	Louisville & Nashville (Family Lines) to acquire trackage rights over Penn Central's (ConRail) line from Greencastle to Indianapolis.	All points would continue to be served by ConRail.	PC	
IN-12	Straight Line Junction, Ind., Oakland City, Ind.	Louisville & Nashville (Family Lines) to acquire the Penn Central (ConRail) line from Straight Line Junction to Oakland City.	All points on acquired segment	L&N	
IN-13	Clay City, Ind., Spring Hill, Ind.	Louisville & Nashville (Family Lines) to acquire the Penn Central (ConRail) line from Clay City to Spring Hill.	All points on acquired segment	L&N	
IN-14	Evansville, Ind., Mt. Carmel, Ill.	Southern Railway System to acquire the Penn Central (ConRail) line between the SOU-PC intersection at Mt. Carmel and Evansville.	All points on acquired segment	SOU	
IN-AO	Various	For other coordinations and minor market extensions that involve the State of Indiana to a lesser extent, see projects IL-7, IL-11, MI-1, OH-8, OH-9, and OH-12.	Not applicable	N/A	
MA-1	Chelsea, Mass., E. Boston, Mass.	Boston & Maine to acquire the Penn Central (ConRail) line from Mystic Junction Yard to East Boston; or, in the alternative, that portion of the line between the out-of-service PC bridge over Chelsea Creek and East Boston.	All points on acquired segment	B&M	
MA-2	Chelmsford, Mass., Framingham Center, Mass., Lowell, Mass.	Boston & Maine to acquire the Penn Central (ConRail) line from Chelmsford to Lowell, allowing PC to abandon its line from Framingham Center to Chelmsford. B&M would also acquire the PC track and traffic at or near West Concord, where another B&M line intersects the PC line to be abandoned.	All points on acquired segment W. Concord, Mass.	B&M B&M	11
MA-3	Fitchburg, Mass., Framingham Center, Mass.	Boston & Maine to acquire the Penn Central (ConRail) line from Framingham Center to Fitchburg.	All points on acquired segment	B&M	
MA-4	N. Adams, Mass., N. Adams Junction, Mass.	Boston & Maine to acquire the Penn Central (ConRail) track and traffic at or near North Adams, allowing PC to abandon its line between North Adams Junction and North Adams.	N. Adams, Mass.	B&M	
MA-5	Easthampton, Mass., Westfield, Mass.	Boston & Maine to acquire the Penn Central (ConRail) track and traffic at or near Easthampton, allowing PC to abandon its line between Westfield and Easthampton.	Easthampton, Mass.	B&M	
MA-6	Holyoke, Mass., Westfield, Mass.	Boston & Maine to acquire the Penn Central (ConRail) track and traffic at or near Holyoke, allowing PC to abandon its line between Westfield and Holyoke.	Holyoke, Mass.	B&M	
MA-AO		There are no other coordinations and minor market extensions that involve the State of Massachusetts.	Not applicable	N/A	
MD-1	Dawson, Md., Tonoloway, Md.	Western Maryland (Chessie System) to abandon its line from Dawson to Tonoloway and acquire trackage rights over a parallel line of Baltimore & Ohio (Chessie System).	None on the segments to be abandoned		
MD-AO	Various	For other coordinations and minor market extensions that involve the State of Maryland to a lesser extent, see projects PA-3, PA-9 and WV-1.	Not applicable	N/A	
ME-1	Danville, Maine, Portland, Maine	Grand Trunk to abandon its line from Danville to Portland and acquire trackage rights over Maine Central between those points. Maine Central would assume service to GT patrons at Yarmouth either by contract or acquisition.	Yarmouth, Maine	MEC	
ME-AO		There are no other coordinations and minor market extensions that involve the State of Maine.	Not applicable	N/A	

See notes at end of table.

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
MI-1	Detroit, Mich., Hammond, Ind.	Norfolk & Western and Penn Central (ConRail) to coordinate their operations between Detroit and Hammond, with PC acquiring trackage rights over N&W from Detroit to Butler, Ind., and N&W acquiring trackage rights over PC from Butler to Hammond.	All on each line by its owner.		14
MI-2	Clare, Mich., Coleman, Mich., Mt. Pleasant, Mich.	Chesapeake & Ohio (Chessie System) to abandon its line from Coleman to Mt. Pleasant and acquire trackage rights over Ann Arbor (ConRail) from Clare to Mt. Pleasant.	None on the segment to be abandoned.		15
MI-3	Grand Haven, Mich., Marne, Mich.	Grand Trunk Western to abandon its line from Marne to Grand Haven, with intersecting railroads to acquire the GTW track and traffic at or near the points shown under "Service Continued."	Ferrysburg, Mich. Grand Haven, Mich.	C&O C&O	
MI-4	Battle Creek, Mich.	Grand Trunk Western and Penn Central (ConRail) to acquire trackage rights on each other's line as required to create a single, jointly-operated main line through downtown Battle Creek in cooperation with city redevelopment plans.	Not applicable.	N/A.	
MI-5	Bay City, Mich., Saginaw, Mich.	Grand Trunk Western to abandon its line from Saginaw to Bay City and acquire trackage rights over Penn Central (ConRail) between those points; or PC to abandon their line and acquire trackage rights over GTW.	None on the segment to be abandoned.		16
MI-6	Ionia, Mich., Portland, Mich.	Chesapeake & Ohio (Chessie System) to abandon its line from Portland to Ionia, with intersecting railroads to acquire the C&O track and traffic at or near the points shown under "Service Continued."	Ionia, Mich.	GTW.	
MI-7	Ashley, Mich., Greenville, Mich., Owosso, Mich.	Grand Trunk Western to abandon its line from Ashley to Greenville and its trackage rights over Ann Arbor (ConRail) from Owosso to Ashley, with intersecting railroads to acquire the GTW track and traffic at or near the points shown under "Service Continued."	Ashley, Mich. Greenville, Mich.	AA C&O	17
MI-8	Tecumseh, Mich., Wauseon, Ohio	Detroit, Toledo & Ironton to abandon its line from Wauseon to Tecumseh, with intersecting railroads to acquire the DT&I track and traffic at or near the points shown under "Service Continued."	Adrian, Mich. [Adrian, Mich.] [Tecumseh, Mich.]	N&W PC PC	2
MI-9	Bay City, Mich., Pinconning, Mich.	Detroit & Mackinac to abandon its line from Bay City to Pinconning and acquire trackage rights over the Penn Central (ConRail) line between those points. Yard operations of the two railroads at Bay City would be combined and jointly operated.	None on the segment to be abandoned.		18
MI-10	Cheboygan, Mich., Gaylord, Mich., Mackinaw City, Mich.	Detroit & Mackinac to acquire the Penn Central (ConRail) lines from Cheboygan to Gaylord, and Cheboygan to Mackinaw City, allowing PC to abandon its line from Pinconning to Gaylord.	All points on acquired segments.	D&M.	
MI-11	Caseville, Mich., Imlay City, Mich.	Grand Trunk Western to abandon its line from Imlay City to Caseville, with intersecting railroads to acquire the GTW track and traffic at or near the points shown under "Service Continued."	Clifford, Mich. Pigeon, Mich.	C&O C&O	
MI-10		There are no other coordinations and minor market extensions that involve the State of Michigan.	Not applicable.	N/A.	
NY-1	Little Ferry, N.J., Marion Jct., N.J.	New York, Susquehanna & Western to grant Penn Central (ConRail) trackage rights over its line from Marion Jct. to Little Ferry, then acquire trackage rights over (or outright) the PC line through Weehawken Yard and assume PC local services.	All on each line by its owner.		
NY-10		There are no other coordinations and minor market extensions that involve the State of New Jersey.	Not applicable.	N/A.	
NY-1	Ashford, N.Y., Buffalo, N.Y., Rochester, N.Y.	Baltimore & Ohio (Chessie System) to abandon its line from Ashford to Le Roy and acquire trackage rights over Penn Central (ConRail) from Buffalo to Rochester. B&O would continue to serve Le Roy to Rochester from the Rochester end of the line, while intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	B&O Jct., N.Y. Machias, N.Y. Silver Springs, N.Y.	E-L. PC E-L.	27
NY-2	Blasdell, N.Y.	Norfolk & Western to acquire trackage rights over or outright a short segment of Penn Central (ConRail) in Blasdell to provide a better connection to Lehigh Valley.	Not applicable.	N/A.	19

See notes at end of table.

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
NY-3	Bradford, Pa., Buffalo, N.Y., Kellogg, N.Y.	Baltimore & Ohio (Chesapeake System) to abandon its line from Bradford to Kellogg, with Penn Central (ConRail) to acquire the B&O line from Kellogg to Buffalo. Intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	All points on acquired segment Salamanca, N.Y.	PC EL	28
NY-AO		There are no other coordinations and minor market extensions that involve the State of New York.	Not applicable	N/A	
OH-1	Chillicothe, Ohio, Washington Court House, Ohio, Waverly, Ohio.	Detroit, Toledo & Ironton to abandon its line from Washington Court House to Waverly and acquire trackage rights over Baltimore & Ohio (Chesapeake System) from Washington Court House to Chillicothe and over Norfolk & Western from Chillicothe to Waverly. Intersecting railroads would acquire the DT&I track and traffic at or near the points shown under "Service Continued."	Thrifton, Ohio	B&O	
OH-2	Girard, Ohio, Youngstown, Ohio	Baltimore & Ohio (Chesapeake System) to downgrade its main line through Youngstown and acquire trackage rights over Lake Erie & Eastern (Pittsburgh & Lake Erie) from Youngstown (Gateway Yard) to Girard.	All services continued		
OH-3	Toledo, Ohio	Baltimore & Ohio (Chesapeake System) and Penn Central (ConRail) to abandon their jointly-owned Lakefront Dock and contract for the joint use of Chesapeake & Ohio's (Chesapeake System) adjacent Presque Isle Dock for handling of coal and ore to/from lake boats.	All services continued		
OH-4	Lodi, Ohio, Warwick, Ohio, Wooster, Ohio	Baltimore & Ohio (Chesapeake System) to abandon its line from Lodi to Wooster and acquire trackage rights over Penn Central (ConRail) from Warwick to Wooster. Intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	Burbank, Ohio	EL	
OH-5	Chardon, Ohio, Painesville, Ohio, Warren, Ohio	Baltimore & Ohio (Chesapeake System) to abandon its line from Warren (Copperweld) to Chardon and acquire trackage rights over Penn Central (ConRail) or Norfolk & Western from Cleveland to Painesville. B&O would continue to serve the segment from Painesville to Chardon from the Painesville end.	None on the segment to be abandoned		
OH-6	Akron Jct., Ohio, Cleveland, Ohio, Ravenna, Ohio	Baltimore & Ohio (Chesapeake System) to abandon its line from Akron Junction to Cleveland and acquire trackage rights over the Penn Central (ConRail) line from Ravenna to Cleveland.	None on the segment to be abandoned		
OH-7	Baltic, Ohio, Coshocton, Ohio, Fresno, Ohio, Zanesville, Ohio	Norfolk & Western to abandon its lines from Baltic to Fresno and Coshocton to Zanesville, with Penn Central (ConRail) to acquire the segment from Fresno to Coshocton and intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service Continued."	Zanesville, Ohio [Zanesville, Ohio]	B&O PC	2
OH-8	Frankfort, Ind., Waterville, Ohio	Norfolk & Western to abandon its line from Waterville to Frankfort, with intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service Continued."	Bluffton, Ind. Decatur, Ind. Delphus, Ohio Holgate, Ohio Malinta, Ohio Marion, Ind. Marion, Ind. Ohio City, Ohio	EL EL PC B&O DT&L C&O PC EL	20
OH-9	White House, Ohio, Woodburn, Ind.	Norfolk & Western to abandon its line from White House to Woodburn, with intersecting railroads to acquire the N&W track and traffic at or near the points shown under "Service Continued."	[Cecil, Ohio] Defiance, Ohio Napoleon, Ohio	PC B&O DT&L	2
OH-10	Sandusky, Ohio, Willard, Ohio	Baltimore & Ohio (Chesapeake System) to abandon its line from Willard to Sandusky and acquire trackage rights over Norfolk & Western from Attica Junction to Sandusky. Intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	Kimball, Ohio Monroeville, Ohio	N&W N&W	21
OH-11	Manhattan Junction, Ohio	Norfolk & Western to acquire a short segment of Penn Central (ConRail) line from Manhattan Junction to a connection with the Detroit & Toledo Shore Line.	All points on acquired segment	N&W	
OH-12	Cincinnati, Ohio, New Castle, Ind.	Norfolk & Western to acquire trackage rights over, or outright, the Penn Central (ConRail) line from Cincinnati to New Castle.	All points All points on acquired segment	PC N&W	

See notes at end of table.

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
OH-13	Cincinnati, Ohio	Norfolk & Western to acquire trackage rights over, or outright, one of two Penn Central (ConRail) tracks from Clare Yard to a connection with the Louisville & Nashville (Family Lines) and acquire trackage rights over PC from the L&N connection to a connection with the Southern Railway System.	All points	PC	
			All points on acquired segment	N&W	
OH-14	Elyria, Ohio, Millbury, Ohio	Norfolk & Western to acquire the Penn Central (ConRail) line from Bellevue to Yeomans, allowing PC to abandon Millbury to Bellevue and Yeomans to Elyria. Intersecting railroads would acquire the PC track and traffic at or near the points shown under "Service Continued."	Bellevue, Ohio	N&W	22
			Clyde, Ohio	N&W	
			Fremont, Ohio	N&W	
			Mourreville, Ohio	B&O	
			Monroeville, Ohio	N&W	
			Norwalk, Ohio	N&W	
OH-AO	Various	For other coordinations and minor market extensions approved under Section 206(d)(3) that involve the State of Ohio to a lesser extent, see projects IN-7, MI-1, MI-8, and PA-4.	Not applicable	N/A	
ON-L	Pelton, Ont., St. Thomas, Ont.	Chesapeake & Ohio (Chessie System) to abandon its line from Pelton to St. Thomas and acquire trackage rights over Penn Central (ConRail) between those points. All yard and mechanical operations at St. Thomas would be combined and jointly operated. C&O would continue to serve its patrons in the Leamington area either by retention of part of its line as a branch or by trackage rights over PC from Comber to Leamington.	None on the segments to be abandoned.		23
ON-AO		There are no other coordinations and minor market extensions that involve the Province of Ontario.	Not applicable	N/A	
PA-1	Connellsville, Pa., McKeesport, Pa., W. Newton, Pa.	Pittsburgh & Lake Erie to abandon its line from W. Newton to Connellsville and acquire trackage rights over Baltimore & Ohio (Chessie System) from McKeesport to Connellsville plus such rights within Connellsville as required to continue service to present customers.	None on the segment to be abandoned.		
PA-2	Connellsville, Pa., W. Liberty, Pa.	Norfolk & Western to abandon its line from W. Liberty to Connellsville and acquire trackage rights over Penn Central (ConRail) from Woodvale to Carnegie, over Pittsburgh, Chartiers & Youghiogheny from Carnegie to McKees Rocks and over Pittsburgh & Lake Erie from McKees Rocks to Connellsville. Intersecting railroads would acquire the N&W track and traffic at or near the points shown under "Service Continued."	Belle Vernon, Pa.	P&LE	24
			Bruceton, Pa.	B&O	
			Clairton, Pa.	PC	
PA-3	Girard Junction, Pa., Lexington, Pa.	Bessemer & Lake Erie to acquire the Penn Central (ConRail) line from Lexington to Girard Junction.	All points on acquired segment	B&LE	
PA-4	New Castle, Pa., Youngstown, Ohio	Baltimore & Ohio (Chessie System) to abandon its line from New Castle to Youngstown and acquire trackage rights over Pittsburgh & Lake Erie between those points; or, P&LE to abandon and acquire trackage rights over B&O.	No industries on abandoned line		
PA-5	Connellsville, Pa., Cumberland, Md.	Western Maryland (Chessie System) to abandon its line from Connellsville to Cumberland and acquire trackage rights over Baltimore & Ohio (Chessie System) between those points.	None on the segment to be abandoned		
PA-6	Mt. Jewett, Pa., Parker's Landing, Pa.	Baltimore & Ohio (Chessie System) to abandon its line from Mt. Jewett to Parker's Landing, with Lake Erie, Franklin & Clarion to acquire the line from Knox to Marienville and other intersecting railroads to acquire the B&O track and traffic at or near the points shown under "Service Continued."	[Kane, Pa.]	PC	25
			Shippensburg, Pa.	PC	
PA-7	Point Creek, Pa., South Fork, Pa., Windber, Pa.	Baltimore & Ohio (Chessie System) to acquire portions of Penn Central's (ConRail) South Fork Branch, allowing PC to abandon the remainder.	All points on acquired segment	B&O	
PA-8	Erie, Pa.	Norfolk & Western to abandon its line through Erie and either acquire trackage rights on Penn Central (ConRail) or build its own "Erie bypass" track on the PC right of way.	None on the segment to be abandoned		
PA-9	Chambersburg, Pa., Hagerstown, Md., Harrisburg, Pa., Shippensburg, Pa.	Western Maryland (Chessie System) to abandon its line from Hagerstown to Chambersburg and acquire trackage rights over, or outright, the Penn Central (ConRail) line from Hagerstown to Shippensburg (Lurgan).	None on the segment to be abandoned		
PA-10	New Castle, Pa., Walford, Pa.	Pittsburgh & Lake Erie to acquire the Penn Central (ConRail) track and traffic at or near Walford, allowing PC to abandon New Castle to Walford.	None on the segment to be abandoned		
PA-11	Allenport, Pa., Brownsville, Pa., Mon Junction, Pa.	Pittsburgh & Lake Erie to acquire the Penn Central (ConRail) line from Allenport to Brownsville, allowing PC to abandon its line from Mon Junction to Allenport.	None on the segment to be abandoned		

See notes at end of table

Appendix D-1 (Coordination and Minor Market Extensions)—Continued

Coordinations and minor market extensions that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
PA-12	New Castle, Pa., Sharon, Pa.	Pittsburgh & Lake Erie to abandon its trackage rights over Erie Lackawanna from New Castle to Sharon, with EL to acquire the P&LE track and traffic at Sharon.	Sharon, Pa.	EL	
PA-13	McKeesport, Pa.	Union Railroad to acquire bridge on Penn Central (ConRail) McKeesport Branch over which it now has trackage rights, then grant Penn Central trackage rights.	All points on acquired segment	URR	
PA-AO	Various	For other coordinations and minor market extensions that involve the State of Pennsylvania, see project NY-3.	Not applicable	N/A	
VA-1	Norfolk, Va.	Chesapeake & Ohio (Chesapeake System) and Penn Central (ConRail) or other PC successor to jointly purchase (with financial aid from Port Authority) and operate a new car ferry, serving both the Cape Charles-Norfolk and Newport News-Norfolk car float operations of the participants.	All points	C&O PC	2
VA-AO	Various	For other coordinations and minor market extensions that involve the State of Virginia, see project WV-1.	Not applicable	N/A	
WV-1	Martinsburg, W. Va., Millville, W. Va., Stephenson, W. Va., Winchester, Va.	Baltimore & Ohio (Chesapeake System) to abandon its line from Millville to Stephenson and acquire trackage rights over the Penn Central (ConRail) line from Martinsburg to Winchester. Intersecting railroads would acquire the B&O track and traffic at or near the points shown under "Service Continued."	Charles Town, W. Va.	N&W	2
WV-AO	Various	For other coordinations and minor market extensions that involve the State of West Virginia, see project MD-1.	Not applicable	N/A	

FOOTNOTES

1. Hammond, Illinois, would be abandoned by Baltimore & Ohio under project IL-11 and may or may not receive continued service by B&O dependent on implementation of that project under the final system plan.

2. Cities and towns shown in brackets that are to have service continued by Penn Central (ConRail) are located on lines undergoing light-density analysis and may or may not be included in ConRail dependent on the outcome of that analysis and such subsequent subsidy decisions as may be made.

3. See projects IL-3, IL-8 and IL-10 which present conflicting alternative proposals concerning this line segment. Resolution of this conflict will appear in the final system plan.

4. Chrisman, Illinois, would be abandoned by Baltimore & Ohio under project IL-11 and may or may not receive continued service by B&O dependent on implementation of that project under the final system plan. Westville, Illinois, is involved in project IL-6, but would continue to be served under that project by a different railroad.

5. Chrisman, Illinois, would be abandoned by Penn Central (ConRail) under project IL-7 and Hammond, Illinois, would be abandoned by Norfolk & Western under project IL-1. These points may or may not receive continued service from those railroads dependent on implementation of those projects under the final system plan. With Baltimore & Ohio's agreement, Illinois Central Gulf would acquire and serve Newman to Ficklin in lieu of trackage rights for B&O to serve it.

6. See project IL-13, which also impacts the Baltimore & Ohio line from Taylorville to Springfield.

7. Interrelates with IL-12. If Baltimore & Ohio plans operation between Taylorville and Springfield under that project (in lieu of direct trackage rights from Decatur to Springfield), the abandonment under this project would be Flora to Taylorville only.

8. Connersville, Indiana, would be abandoned by Baltimore & Ohio under project IN-3, and may or may not receive continued service from B&O dependent on implementation of that project under the final system plan. Note 2 also applies to Connersville, but Connersville is recognized as a relatively important traffic point and will receive continued rail service.

9. Connersville, Indiana, and Rushville, Indiana, would be abandoned by Norfolk & Western under projects IN-2 and IN-10 respectively and may or may not receive continued rail service from N&W dependent on implementation of those projects under the final system plan. Note 2 also applies to both Connersville and Rushville. Connersville is recognized as a relatively important traffic point and will receive continued rail service.

10. See project OH-8, which also involves the Bluffton area.

11. Should Erie-Lackawanna be brought into ConRail, the continuation of service between Griffith and State Line will be dependent on the ConRail operating plan.

12. Rushville, Indiana, would be abandoned by Baltimore & Ohio under project IN-3 and may or may not receive continued service by B&O dependent on implementation of that project under the final system plan. Note 2 also applies to Rushville.

13. Traffic now interchanged between Boston & Maine and Penn Central (ConRail) at Lowell would be interchanged at Springfield or some similar point that is mutually acceptable to both railroads.

14. See project IN-7 for abandonment of Norfolk & Western's current route. Since N&W can reroute its trains over other of its own lines to accomplish IN-7, the two projects are not dependent on one another.

15. The Ann Arbor segment involved in this project is under study as a light-density line and, should it not be recommended for inclusion in ConRail, an outright acquisition of the line by Chesapeake & Ohio would replace the acquisition of trackage rights in this project.

16. Grand Trunk Western and Penn Central are in the process of implementing coordinated operations within Bay City proper in cooperation with city redevelopment plans.

17. The Ann Arbor line through Ashley, Mich., is undergoing light-density analysis and may or may not receive continued service dependent on the outcome of that analysis and such subsequent subsidy decisions as may be made.

18. The Penn Central segment involved in this project is under study as a light-density line and should it not be recommended for inclusion in ConRail, an outright acquisition of the line by Detroit & Mackinac would replace the acquisition of traffic rights in this project.

19. Implementation of this project will be dependent on the role of Lehigh Valley under the final system plan. Under certain structures, such a connection may be unnecessary.

20. See IN-6 for Erie-Lackawanna access to Bluffton. Norfolk & Western would continue its services at Continental, Ohio, and Kokomo, Ind., from other of its lines.

21. In the alternative, Baltimore & Ohio would abandon the entire line and Norfolk & Western would acquire B&O's Sandusky track and traffic.

22. Monroeville, Ohio, would be abandoned by Baltimore & Ohio under project OH-10, but Norfolk & Western would still be present to provide service. The entire Penn Central (ConRail) line from Millbury to Elyria is under study as a light-density line.

23. While the control of the Canadian Transport Commission over this project is recognized, the impact on the profitability of domestic railroads has been evaluated and the project approved in principle.

24. While the two projects are not dependent on one another, the implementation of PA-1 would change the routing shown in this project to "... McKees Rocks, over Pittsburgh & Lake Erie from McKees Rocks to McKeesport, and over Baltimore & Ohio (Chesapeake System) from McKeesport to Conneville." In addition, other routes are being explored to get Norfolk & Western trains from their own line over to the Pittsburgh & Lake Erie, but the one shown appears most promising.

25. The Penn Central segment involved in this project is under study as a light-density line, with implementation contingent on its recommended inclusion in ConRail or acquisition by another railroad.

26. The Penn Central segment involved in this project is under study as a light-density line and should it not be recommended for inclusion in ConRail, an outright acquisition of the line from Winchester, Va., to Hagerstown, Md., by Baltimore & Ohio would replace the acquisition of trackage rights in this project.

27. In the alternative, Penn Central (ConRail) would acquire the Baltimore & Ohio (Chesapeake System) line from Le Roy to Rochester, inclusive.

28. This project is interrelated to NY-1 in that the abandonment here would be Ashford to Kellogg if NY-1 is not implemented.

Light-Density Lines

Appendix D-2 shows light density line segments (referred to in Chapters 7 and 16) which are not recommended for inclusion in the ConRail system and which are connected to or crossed by one or more solvent railroads. USRA has determined that acquisition of all or

any one of them by any solvent railroad will not materially impair, either singly or cumulatively, the profitability of ConRail or any other railroad in the Region provided that such acquisitions are not used for the purpose of establishing an additional competitive mainline route. Traffic involved is relatively small when compared to all traffic in the Region.

Appendix D-2 (Light-Density Lines of Railroads in Reorganization Offered For Sale to Connecting Solvent Railroads Under Section 206(d) (3))

Acquisition of these lines by solvent railroads will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail

Segment	From	To	Segment	From	To
CANADA					
Within Canada					
715	Comber	Leamington	420	N. Manchester	Columbia City
International			423	Logansport	Culver
101a	Welland, Ont.	Black Rock, N.Y.	429	Decatur	Ridgeville
			521	New Castle	Richmond
			556	Richmond	Lynn
			571	Cedar Grove	Brookville
			585/586/ 587	Shelbyville	N. Rushville
			589	N. Vernon	N. Madison
			591	Cory	Worthington
			593	Martinsville	Rincon Jet.
			593a	Rincon Jet.	Thomas
			596	Duff Jet.	Washington
			597	Rincon	Sandborn
			602	Waveland	Crawfordsville
			630	Effner	Kenneth
			633	Richmond	Indianapolis
			689a	N. Judson	Hartsdale
			Interstate		
			554	Hunter, Ind.	Glen Karn, Ohio
CONNECTICUT					
Intrastate					
41	Willimantic	Terminus			
674	Plainfield	Willimantic			
			MARYLAND		
DELAWARE			Interstate		
907/909	Elsmere Jet., Del.	Elverson, Pa.	198	North of Frederick, Md.	Spring Grove, Pa.
ILLINOIS			MASSACHUSETTS		
Intrastate			Intrastate		
415	Matteson	Frankfort	6	Millbury	Millbury Jet.
422	Dupue Jet.	Dupue	8/8a/9	Palmer	S. Barre
434	Howe	PC Jet.	13	S. Sudbury	Lowell
434a	PC Jet.	Churchill			
605b	Hutsonville	Robinson			
606	Robinson	Mt. Carmel			
606a	Mt. Carmel	Harrisburg			
611	Maroa	Waynesville			
611b	Peoria	Atlanta			
			MICHIGAN		
			Intrastate		
577a	Kankakee, Ill.	Sheff, Ind.	391	Lenawee Jct.	Ida
589	Chicago, Ill.	Hartsdale, Ind.	394	Grosvenor	Morenci
			438a	Vassar	Caro
			440	Bay City	Gaylord
			441	Gaylord	Mackinaw City
			444	Munger	Denmark Jct.
			444a	Vassar	Denmark Jct.
			445	Vassar	Millington
			445a	Millington	Lapeer Jct.
INDIANA					
Intrastate					
414	Hartsdale	E. Gary			
417/417a	Auburn Jct.	Waterloo			
418	Kendallville	State Line			
419	N. Manchester	Mexico			

Appendix D-2 (*Light-Density Lines of Railroads in Reorganization Offered For Sale to Connecting Solvent Railroads Under Section 206(d)(3)*)—Continued

Acquisition of these lines by solvent railroads will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Segment	From	To	Segment	From	To
MICHIGAN—Continued			497/498/ 498a	Morrow	Circleville
Intrastate—Continued			499a	Delaware	Scioto
445b	Lapeer Jct.	Oxford	502/503/ 504	Bellefontaine	St. Marys
451/452/ 453	Rives Jct.	Grand Rapids	507	Clyde	Green Springs
454	Mackinaw City	Cadillac	514	Corning	Hobson
454a	Cadillac	Cedar Springs	516b	Milford	Clare
456/457/ 458	State Line	Vicksburg	516c	Milford	S. Lebanon
460	Grand Rapids	Moline-Plainwell	517	New Paris	Bradford
461	Cedar Springs	Comstock Park	519/520	New River Jct.	Eaton
463a	Otsego	Dorr	531/531a	Bryan	Van Wert
463d	Lamar	Grand Rapids	532		
466	Kalamazoo	Dowagiac	533/534/ 534a/ 535	Van Wert	Ansonia
470	Traverse City	Walton Jct.	536/537	Springfield	Yellow Springs
472	Muskegon	Fuller	549	Troy	Cold Springs
472a	Muskegon Heights	Muskegon	560	Oxford State Street	Union Village
688	Oxford	Utica	641a	Bergholz	Pan
1300	Dundee	Owosso	643	Millbury Junction	Fremont
1301	Owosso	Thompsonville	644	Trinway	Zanesville
1302	Thompsonville	Frankfort	692	Glass Rock	Spangler
			714	Warren	Ashtabula
Interstate			Interstate		
1303	Frankfort, Mich.	Kewaunee, Wis. (ferry)	514a	Hobson, Ohio	Nitro, W.Va.
393	N&W King E. of Adrian, Mich.	Vulcan, Ohio			
530	Hudson, Mich.	Bryan, Ohio			
NEW YORK			PENNSYLVANIA		
Intrastate			Intrastate		
81	Rotterdam Jct.	S. Fort Plain	202	York	Hellam
111	Windsor Beach	Rochester	252	Warren	Ridgway
114a	Rochester	Scottsville Yard	253a	St. Marys	Ridgway
248	Brocton	Mayville	257	Brookville Track at Brookville	
666a	Green Island	Crescent	326	Black Lick Jct.	Indiana
1000	Rochester	Lima	335	Coal Lick Run near Uniontown	
1023	Batavia	P&L Jct.	344	Bridgeville	Sygan
1024	Buffalo	Batavia	352	Shippingport	Kobuta
			355	Scottdale	Mt. Pleasant
			356	New Castle	Mercer
			648	Red Bank	Schenley
			651	Falls Creek	Brockway
			663	Fairchance	Connellsville
			664	Houston	Washington
			712	Sharon	Jamestown
			912	Gettysburg	Carlisle Jct.
			922	Trevorton	Hern
			1012	Franklin Branch	Wilkes-Barre
OHIO			VIRGINIA		
Intrastate			Intrastate		
371	Magnolia	Bayard			
373	Dover	Newcomerstown			
374	Newcomerstown	Cambridge			
375/376/ 377	Marietta	Cambridge			
387/388	Elyria	Bellevue			
477a	At Columbus Union Station				
478a	Howard	Mt. Vernon			
481/482	Luekey	Berwick	165	Little Creek	Cape Charles (car float)
485	Berwick	Spore			
488	N. of Granville	Heath			
490	Glass Rock	Thurston			
491	Truro	E. Columbus			
494	Athens	Armitage	205a	Berkeley	Cumbe Yard
WEST VIRGINIA					
Intrastate					

Major Market Extensions

Appendix D-3 is divided into two parts. Part I lists those proposed extensions which the Association has been unable to determine *would* either singly or cumulatively materially impair the profitability of any railroad including ConRail in the Region. Part II lists those extensions which the Association has determined *would not* either singly or cumulatively materially impair the profitability of any railroad including ConRail in the Region.

Major Market Extensions Which USRA Has Been Unable to Determine Would Materially Impair Profitability

This part of Appendix D-3 is comprised of proposed line extensions by railroads which if implemented would be tantamount to a major restructuring in the Region and in some instances, the Nation. USRA is unable to determine that any or all of these proposals would not materially impair the profitability of ConRail or other railroads within the Region. Many of the proposed extensions might in fact also impair the profitability of peripheral carriers, which must necessarily depend on the preservation of existing traffic flows for their economic survival.

Chicago and St. Louis are major gateways for traffic interchanged between Chessie, Norfolk & Western and PC on one hand and the Western carriers, such as Santa Fe and Burlington Northern, on the other. If, for example, Santa Fe were to be allowed to extend its lines to prime traffic generating areas such as Pittsburgh and Detroit, the consequent massive changes in traffic flows could undoubtedly impair the profitability of major regional and peripheral carriers which would be competing with Santa Fe. For example, cars which origi-

nate in Pittsburgh and are destined to Los Angeles and now routed Chessie to Chicago thence Santa Fe, would probably be routed over the Santa Fe for the entire distance if it were allowed entry into the Pittsburgh market. Other cars, which are now routed Chessie-Chicago-BN might also be lost to a Santa Fe direct haul at the expense of BN and Chessie.

The Cincinnati gateway serves as a major interchange point between the railroads of the South and the Northeast. For example, if the Southern Railway were to be allowed to acquire the DT&I it would have direct entry into the Detroit market. Thus, it is reasonable to assume that some of the traffic which is now moving from Detroit via Penn Central or Chessie to Cincinnati and thence Southern Railway would be diverted to the Southern for the entire distance. Other traffic which is now routed DT&I-PC-L&N would probably be lost to the Southern Railway direct route.

Some of the proposals by the railroads would extend their scope of operations and gain access to markets not presently served. For example, P&LE wishes to acquire the PC line from Warren, Ohio to Cleveland. Such an extension if implemented would simply provide an additional competitive carrier in the Pittsburgh-Cleveland market and would allow P&LE to gain additional traffic at the expense of ConRail and other railroads. Proposals such as these in essence represent the transfer of gross and net income from one railroad to another and do not enhance regional rail viability.

For the reasons cited above, USRA is unable to determine that the Proposals on Part I of the Appendix D-3 would not materially impair both singly and cumulatively the profitability of ConRail and other carriers within the Region.

Appendix D-3 (Major Market Extension Proposals Reviewed Under Section 206(d)(3))

PART I

Major market extension proposals that cannot now be found not to materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail

Project ID	Location	Description of project
ATSF-1	Chicago River and Indiana RR	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-2	Indiana Harbor Belt RR	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-3	Michigan Central RR	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-4	Kankakee Belt Line	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-5	Lake Shore and Michigan Southern Railway	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-6	Pittsburgh, Fort Wayne, and Chicago Ry	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-7	Pittsburgh, Cincinnati, Chicago & St. Louis RR	Atchison, Topeka & Santa Fe to acquire entire railroad.
ATSF-8	Cleveland, Cincinnati, Chicago & St. Louis Railway	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines.
ATSF-9	Chicago, Ill.—Northern Ind	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-10	Detroit, Mich	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-11	Cleveland, Ohio	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-12	Cincinnati, Ohio	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-13	Toledo, Ohio	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-14	Columbus, Ohio	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-15	Indianapolis, Ind.	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-16	East St. Louis, Ill.	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-17	Pittsburgh, Pa. and Vicinity	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
ATSF-18	Buffalo, N.Y.	Atchison, Topeka & Santa Fe to acquire yards, terminals and belt lines of Penn Central.
B&LE-1	Shenango, Pa., Sharon, Pa., Youngstown, Ohio	Bessemer & Lake Erie to acquire trackage rights or ownership interest in Penn Central or Erie-Lackawanna Lines to serve market directly.
B&M-2	Rotterdam Jct., N.Y., Buffalo, N.Y.	Boston & Maine to acquire trackage rights over Penn Central.
BN-1	Zealand, Ill., Hennepin, Ill.	Burlington Northern to acquire trackage rights over Chicago & Northwestern south of Ladd and purchase Penn Central beyond to Hennepin for access to steel plant.
BN-2	Eola, Ill., Brisbane, Ill., Steele, Ill., Hobart, Ind., Griffith, Ind., Porter, Ind., Elkhart, Ind.	Burlington Northern to acquire trackage rights over Elgin, Joliet and Eastern between Eola and vicinity of Brisbane and build new connection to Penn Central at Steele. Then acquire Penn Central trackage between Steele and Hobart or between Steele and Griffith and obtain trackage rights to Porter and bridge rights to Elkhart.
BN-3	Porter, Ind., Burns Harbor, Ind., Gary, Ind., Indiana Harbor, Ind., E. Chicago, Ind.	Assuming Burlington Northern can reach Porter it would obtain trackage rights via Penn Central as listed.
BN-5	Streator, Ill., Hennepin, Ill.	Burlington Northern to acquire portion of Penn Central "Kankakee Belt" Line between BN connection at Streator and Hennepin Steel Mills.
BN-6	Peoria & Eastern Railway	Burlington Northern to acquire Peoria & Eastern including trackage rights over Peoria & Pekin Union between Peoria and Pekin, Ill., with use of necessary PC facilities presently used by P&E traffic at Indianapolis, Ind.
CS-1	Pittsburgh & Lake Erie RR	Chessie System (Baltimore & Ohio) to acquire all rail properties of P&LE including its 1/4 interest in Monongahela Railway Co.
CS-3	Detroit, Toledo & Ironton RR	Chessie System to acquire all rail properties.
CS-17	Buffalo, N.Y., E. Salamanca, N.Y.	Chessie System (Chesapeake & Ohio) to acquire trackage rights over Erie-Lackawanna between Buffalo, East Salamanca, Binghamton and possibly East of Binghamton.
D&H-1	Wilkes-Barre, Pa., to Alexandria, Va.	Delaware & Hudson to acquire trackage rights over Penn Central.
DT&I-2	Toledo, Ohio, Owosso, Mich., Bay City, Mich., Midland, Mich.	Detroit, Toledo & Ironton to acquire Ann Arbor trackage between Toledo and Owosso and Penn Central trackage between Owosso and Bay City and Midland, or Detroit, Toledo & Ironton to acquire Ann Arbor trackage between Toledo and Durand and acquire trackage rights over Grand Trunk Western between Durand and Bay City and acquire Penn Central between Bay City and Midland.
DT&I-3	Springfield, Ohio, Glen Echo, Ohio	Detroit, Toledo & Ironton to acquire portion of Penn Central Bellefontaine Branch.
DT&I-4	Trenton, Mich., Gibraltar, Mich., Rockwood, Mich., Newport, Mich., Monroe, Mich.	Detroit, Toledo & Ironton to acquire Penn Central Toledo Branch.
DT&I-5	Middletown, Ohio, Hageman, Ohio	Detroit, Toledo-Ironton to acquire Penn Central Middletown secondary track between Middletown (ARMC O Lead) and Middletown Jct.
DT&I-6	Owosso, Mich., Lansing, Mich.	Detroit, Toledo & Ironton to acquire Penn Central Saginaw Branch.
DT&I-7	River Rouge, Mich., Ecorse, Mich., Penford, Mich.	Detroit, Toledo & Ironton to acquire Penn Central between Penford (DT&I crossing) and Carleton (C&O connection).
DT&I-8	Brownstown, Mich., Carleton, Mich.	Detroit, Toledo & Ironton to acquire Penn Central Marsh track between Marion Avenue and Teumseh Yard.
DT&I-9	Saginaw, Mich., Clare, Mich., Cadillac, Mich., Yuma, Mich., Hurlan, Mich.	Detroit, Toledo & Ironton to acquire trackage rights over Chesapeake & Ohio between Saginaw and Clare and over Ann Arbor between Clare and Hurlan thence to Frankfort if car ferry is subsidized.
DT&I-10	Lima, Ohio, Chicago, Ill.	Detroit, Toledo & Ironton to acquire Erie-Lackawanna line from Lima to Chicago.
DT&I-11	Maitland, Ohio, Glen Echo, Ohio	Detroit, Toledo & Ironton to acquire Erie-Lackawanna line from Maitland, Ohio to Glen Echo, Ohio.
DT&I-12	Midland, Ohio, Dayton, Ohio	Detroit, Toledo & Ironton to acquire Erie-Lackawanna line from Maitland, Ohio to Dayton, Ohio.
EI&E-2	Indiana Harbor, Ind., East Chicago, Ind.	Elgin, Joliet & Eastern to acquire certain facilities of Indiana Harbor Belt.
GT-1	Helena, N.Y., Roosevelt, N.Y.	Grand Trunk to acquire Penn Central trackage.
GTW-1	Detroit, Mich., Detroit River Tunnel, Canada Southern Railway	Canadian National or Grand Trunk Western to acquire certain Penn Central property in the Detroit area, Detroit River Tunnel, and all or portions of the Canada Southern Railway.
GTW-2	Vicksburg, Mich., Fort Wayne, Ind., Richmond, Ind., Hamilton, Ohio, Norwood, Ohio, Cincinnati, Ohio	Grand Trunk Western to acquire approx. 244 miles of Penn Central line from Vicksburg to Cincinnati. Route to include bridge trackage rights over Penn Central through Fort Wayne and Richmond.
GTW-3	South Bend, Ind., Kankakee, Ill., Streator, Ill.	Grand Trunk Western to acquire approximately 162 miles of Penn Central line between South Bend and Streator.
GTW-4	Detroit, Mich., Jackson, Mich., Battle Creek, Mich.	Grand Trunk Western to acquire approximately 119 miles of Penn Central track from Detroit to Battle Creek. GTW to acquire Penn Central terminal responsibilities, including Detroit-Windsor tunnel.

Appendix D-3 (Major Market Extension Proposals Reviewed Under Section 206(d)(3))—Continued

PART I—Continued

Major market extension proposals that cannot now be found not to materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project
GTW-8	Detroit, Mich., Warren, Mich., Utica, Mich., Rochester, Mich.	Grand Trunk Western to acquire and operate 28 miles of Penn Central trackage between Detroit and Rochester including terminal facilities at Detroit and Sterling, Mich.
GTW-10	Battle Creek, Mich.	Grand Trunk Western to acquire all Penn Central trackage in Battle Creek terminal. Modify rail facility in cooperation with City Redevelopment Plans.
GTW-13	Detroit, Toledo and Ironton RR.	Grand Trunk Western to acquire entire Detroit, Toledo and Ironton RR.
ICG-1	Kankakee, Ill., Indianapolis, Ind.	Illinois Central Gulf to acquire Penn Central route via Lebanon, former Pennsylvania RR to Hunt, and Big Four RR to Indianapolis including terminal facilities at Indianapolis, or in the event Southern Railway acquires Big Four from Indianapolis to Cincinnati, Illinois Central Gulf to acquire Kankakee-Indianapolis via Lebanon, Hunt, former Pennsylvania RR or via Lebanon, Davis former Pennsylvania RR with trackage rights over Penn Central or Indianapolis Union Terminal for direct connection with Southern Railway.
ICG-2	Chicago, Ill., Buffalo, N.Y.	Illinois Central Gulf to acquire former New York Central RR lines via Elkhart, Toledo and Cleveland.
ICG-3	Kensington, Ill., Porter, Ind.	Illinois Central Gulf to acquire former Michigan Central RR.
ICG-4	Matteson, Ill., East Gary, Ind.	Illinois Central Gulf to acquire Matteson to connection with former Michigan Central between Kensington and Porter.
ICG-5	Elkhart, Ind., Buffalo, N.Y.	Illinois Central Gulf to acquire former New York Central-Michigan Central Lines via Three Rivers, Kalamazoo, Detroit, Windsor, St. Thomas, and Welland, Ontario.
ICG-6	Three Rivers, Mich., Wasipi, Mich., Jackson, Mich.	Illinois Central Gulf to acquire Penn Central Line.
ICG-7	Welland, Ontario, Buffalo, N.Y., Niagara Falls, N.Y., Suspension Bridge, N.Y.	Illinois Central Gulf to acquire Penn Central Line.
ICG-8	LaSalle, Ill., South Bend, Ind.	Illinois Central Gulf to acquire former New York Central RR Kankakee Belt Line.
ICG-9	East St. Louis, Ill., Terre Haute, Ind., Indianapolis, Ind., Muncie, Ind., Bellefontaine, Ohio, Gallon, Ohio, Berea, Ohio, Cleveland, Ohio.	Illinois Central Gulf to acquire former Pennsylvania RR to Terre Haute and Big Four RR beyond.
ICG-10	Indianapolis, Ind., Dayton, Ohio, London, Ohio, Columbus, Ohio, Mingo Jet., Ohio, Pittsburgh, Pa.	Illinois Central Gulf to acquire former Pennsylvania RR to Dayton, New York Central RR to London, and Pennsylvania RR beyond.
ICG-11	Mingo Jet., Ohio, Conway, Pa.	Illinois Central Gulf to acquire Penn Central Line.
ICG-12	Cleveland, Ohio, Alliance, Ohio, Conway, Pa., Pittsburgh, Pa.	Illinois Central Gulf to acquire Penn Central Line.
ICG-13	Hudson, Ohio, Akron, Ohio.	Illinois Central Gulf to acquire Penn Central Line.
ICG-14	Cincinnati, Ohio, Middletown, Ohio, Dayton, Ohio, Bellefontaine, Ohio, Ridgeway, Ohio, Findlay, Ohio, Toledo, Ohio, Monroe, Mich., Wyandotte, Mich., Detroit, Mich.	Illinois Central Gulf to acquire Cincinnati to Ridgeway via former Big Four RR, Ridgeway to Toledo via former Ohio Central RR and Toledo to Detroit via former New York Central RR.
L&N-1	Cincinnati, Ohio, Detroit, Mich.	Louisville & Nashville to acquire Penn Central trackage via Middletown, Dayton, Springfield, Urbana, Bellefontaine, Ridgeway, Kenton, Findlay, Bowling Green, Toledo, Monroe, Wyandotte, and River Rouge.
L&N-2	Cincinnati, Ohio, Indianapolis, Ind.	Louisville & Nashville to acquire Penn Central trackage via Riverside Yard, Lawrenceburg Jet., Greensburg, Shelbyville, and Beech Grove.
L&N-3	Louisville, Ky., Speed, Ind.	Louisville & Nashville to acquire Penn Central trackage south of Ohio River in Louisville and to Speed and Charlestown, Ind.
L&N-6	Michigan City, Ind., Hammond, Ind.	Louisville & Nashville to acquire trackage rights via Penn Central in order to serve Burns Harbor.
N&W-3	Orrville, Ohio, Chicago, Ill.	Norfolk & Western to acquire trackage rights via Penn Central between Orrville and Chicago.
N&W-4	Detroit Toledo & Ironton RR.	Norfolk & Western to acquire Detroit, Toledo & Ironton between Detroit and S. Charleston and between Bondclay and Ironton, Ohio.
N&W-5	Cincinnati, Ohio, S. Charleston, Ohio.	Norfolk & Western to acquire Penn Central between S. Charleston and Cincinnati (Clare) via Xenia.
N&W-6	Detroit, Mich., Buffalo, N.Y.	Norfolk & Western to acquire Penn Central trackage via International Bridge and some associated interests in terminal properties.
N&W-7	Detroit, Mich., Chicago (Kensington), Ill.	Norfolk & Western to acquire Penn Central trackage via Toledo (Airline) and some associated interests in terminal properties.
N&W-8	Detroit, Mich., Midland, Mich.	Norfolk & Western to acquire Penn Central trackage via Warren, Mich. and some associated interests in terminal properties.
N&W-9	Jackson, Mich., Lansing, Mich.	Norfolk & Western to acquire Penn Central trackage and some associated interests in terminal properties.
N&W-10	E. Gary, Ind., Joliet, Ill.	Norfolk & Western to acquire Penn Central trackage and some associated interests in terminal properties.
N&W-11	Cincinnati, Ohio, Chicago, Ill.	Norfolk & Western to acquire ownership of or trackage rights over Penn Central Lines.
PALE-1	Meadville, Pa., Creston, Ohio.	Pittsburgh & Lake Erie to acquire Erie Lackawanna trackage for 140 miles via Sharon, Pa., Youngs town, Warren, and Akron, Ohio.
PALE-2	Warren, Ohio, Cleveland, Ohio.	Pittsburgh & Lake Erie to acquire Erie Lackawanna trackage for 52 miles from Warren to Cleveland.
PALE-3	Transfer, Pa., Leavittsburg, Ohio.	Pittsburgh & Lake Erie to acquire Erie Lackawanna trackage for 29.7 miles.
PALE-4	Homestead, Pa.	Penn Central to abandon branches from 30th Street Yard to USS Homestead works and J&L Pittsburgh works. Pittsburgh & Lake Erie to perform switching for Penn Central giving cars to them at McKees Rocks.
PALE-7	Doughton Jet., Ohio, Shenango, Pa.	Pittsburgh & Lake Erie to acquire Erie Lackawanna line between Doughton, Jet. and Shenango.
PALE-8	Cleveland, Ohio, Bellaire, Ohio, Yellow Creek, Ohio, Alliance, Ohio, Rochester, Pa.	Pittsburgh & Lake Erie to acquire Erie Lackawanna line between Cleveland and Rochester, Pa., via Bellaire, Yellow Creek and Alliance.
PALE-9	Bellaire, Ohio, Omal, Ohio.	Pittsburgh & Lake Erie to acquire Erie Lackawanna line via Wierton including Captina Branch.
RP&P-1	Alexandria, Va., Baltimore, Md., Harrisburg, Pa., Wilmington, Del., Philadelphia, Pa., Newark, N.J., Jersey City, N.J., New York, N.Y.	Richmond, Fredericksburg, & Potomac to operate over acquired lines of Penn Central, Chessie, Reading, Central New Jersey to reach end and intermediate points and connections, with open routings at all points.
SECL-1	Norfolk, Va., Dover, Del., Wilmington, Del., New York, N.Y.	Seaboard Coast Line to acquire Penn Central lines on Delmarva Peninsula to and including Wilmington, Del., with trackage rights beyond to New York and access to all intermediate markets.

Appendix D-3: (Major Market Extension Proposals Reviewed Under Section 206(d)(3))—Continued

PART I—Continued

Major market extension proposals that cannot now be found not to materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project
SLSF-1	St. Louis, Mo., Terre Haute, Ind.	St. Louis-San Francisco to acquire Penn Central trackage via Vandalia.
SLSF-2	Terre Haute, Ind., Indianapolis, Ind.	St. Louis-San Francisco to acquire former Big Four route trackage.
SLSF-3	Indianapolis, Ind., Cleveland, Ohio	St. Louis-San Francisco to acquire Penn Central trackage via Anderson, Muncie, Ridgeway and Galion.
SLSF-4	Cleveland, Ohio, Buffalo, N.Y.	St. Louis-San Francisco to acquire Penn Central trackage.
SLSF-5	Ridgeway, Ohio, Detroit, Mich.	St. Louis-San Francisco to acquire Penn Central trackage via Toledo.
SLSF-6	Indianapolis, Ind., Pittsburgh, Pa.	St. Louis-San Francisco to acquire Penn Central trackage via Dunreith, Richmond, Dayton, Xenia and Columbus.
SOU-1	Cincinnati, Ohio, Indianapolis, Ind.	Southern Railway to acquire Penn Central line beginning with Southern connection near Oklahoma Avenue via Riverside, Valley Jct., and Greensburg, including Riverside Yard at Cincinnati and Hill Yard at Indianapolis. Also Penn Central lines beyond Hill Yard to provide connection with Indianapolis, Union RR (Belt) and ownership or trackage rights to connect with Penn Central line to Kanawha. Also Penn Central Dearborn Branch.
SOU-2	Detroit, Toledo & Ironton RR.	Southern to acquire entire Detroit, Toledo & Ironton with either ownership or trackage rights to provide access from Detroit, Toledo & Ironton, main line to Gest Street Yard at Cincinnati.
SOU-3	Springfield, Ohio, S. Charleston, Ohio, Cincinnati, Ohio.	Southern acquire direct connection between Detroit, Toledo & Ironton main line and Cincinnati, via 1 of 3 routes: Penn Central from S. Charleston via Xenia, Morrow, Middletown Jct., Loveland, thence Baltimore & Ohio trackage to Gest St. Yard, or Penn Central from S. Charleston via Xenia, Morrow, Middletown Jct., Loveland, Clare, Undercliff Yard, Vine St., to Gest St. Yard, or Penn Central line or trackage rights from Springfield via Dayton, Sharonville, Ivydale, thence Baltimore & Ohio trackage to Gest St. Yard.
STLSW-1	St. Louis, Mo., Chicago, Ill.	St. Louis Southwestern to acquire and/or operate Penn Central route via Paris, Ill.
STLSW-2	Cairo, Ill., Chicago, Ill.	St. Louis Southwestern to acquire and/or operate Penn Central route.
STLSW-3	Chicago River and Indiana Railroad	St. Louis Southwestern to acquire and/or operate entire railroad.
STLSW-4	Indiana Harbor Belt Railroad	St. Louis Southwestern to acquire and/or operate Penn Central portion.
STLSW-5	Chicago, Ill., Detroit, Mich.	St. Louis Southwestern to acquire and/or operate Penn Central route via Southbend, Ind. and Toledo, Ohio.
STLSW-6	St. Louis, Mo., Indianapolis, Ind.	St. Louis Southwestern to acquire and/or operate Penn Central route via Terre Haute, Ind.
STLSW-7	Indianapolis, Ind., Buffalo, N.Y.	St. Louis Southwestern to acquire and/or operate Penn Central route via Union City, Ridgeway, Cleveland and Suspension Bridge.
STLSW-8	Ridgeway, Ohio, Detroit, Mich.	St. Louis Southwestern to acquire and/or operate Penn Central route via Toledo.
STLSW-9	Indianapolis, Ind., Bellefontaine, Ohio	St. Louis Southwestern to acquire and/or operate Penn Central route via Cincinnati and Dayton.
STLSW-10	Indianapolis, Ind., Columbus, Ohio	St. Louis Southwestern to acquire and/or operate Penn Central route via Dayton.
STLSW-11	Union City, Ind., Pittsburgh, Pa.	St. Louis Southwestern to acquire and/or operate Penn Central route via Columbus.
STLSW-12	Marion, Ohio to Jamestown, N.Y., to Buffalo, N.Y., to Suspension Bridge, N.Y.	St. Louis Southwestern to acquire and/or operate Erie Lackawanna route.
TP&W-2	Effner, Ind., Columbus, Ohio	Toledo, Peoria & Western to acquire trackage rights over Penn Central between Effner and Columbus.
TP&W-4	Crandall, Ill., Indianapolis, Ind.	Toledo, Peoria & Western to acquire trackage rights over Norfolk & Western between Crandall and Bloomington and over Peoria & Eastern between Bloomington and Indianapolis.

Major Market Extensions Not Materially Impairing Profitability

This part of Appendix D-3 is comprised of major

market extensions which USRA finds, with appropriate modification in certain instances, will not, either singly or cumulatively, materially impair the profitability of any railroad including ConRail in the Region.

Appendix D-3 (Major Market Extension Proposals Reviewed Under Section 206(d)(3))

PART II

Major market extension proposals that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail

Project ID	Location	Description of project
B&M-1	Springfield, Mass., New York, N.Y.	Boston & Maine to acquire trackage rights or Central Vermont lease and B&M provide service.
CS-2	Nicholas, Fayette & Greenbrier R.R.	Chessie System (Chesapeake & Ohio) to acquire all rail properties.
CS-4	Canada Southern Ry., Detroit River Tunnel	Chessie System (Chesapeake & Ohio) to acquire all rail properties.
CS-5	Shippensburg (Lurgan), Pa., Philadelphia, Pa., Wilmington, Del., Allentown, Pa., Bethlehem, Pa.	Chessie System (Baltimore & Ohio) to acquire trackage or trackage rights from Lurgan via Harrisburg to the Allentown/Bethlehem and Greater Philadelphia areas with or without access to on-line industry in and between those points.
CS-6	Monongahela Ry.	Baltimore & Ohio to sell $\frac{1}{4}$ interest to Penn Central and/or Pittsburgh & Lake Erie as an alternative to acquiring the Pittsburgh & Lake Erie and its $\frac{1}{4}$ interest in Monongahela.
CS-7	Midland, Mich.	Chessie System (Chesapeake & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-8	Bay City, Mich., Saginaw, Mich.	Chessie System (Chesapeake & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-9	Lansing, Mich.	Chessie System (Chesapeake & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.

Appendix D-3 (Major Market Extension Proposals Reviewed Under Section 206(d)(3))—Continued

PART II—Continued

Major market extension proposals that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project
CS-12	Grand Rapids, Mich.	Chesapeake System (Chesapeake & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-11	Louisville, Ky.	Chesapeake System (Baltimore & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-12	Nitro-Charleston, Swiss, W. Va.	Chesapeake System (Chesapeake & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-13	Winchester, Va.	Chesapeake System (Baltimore & Ohio) to acquire Penn Central trackage needed to continue service to shippers on those tracks.
CS-14	Dayton, Ohio, Warren, Ohio	Chesapeake System (Baltimore & Ohio) to acquire Erie Lackawanna trackage between Dayton and Warren.
CS-15	Warren, Ohio, Greenville, Pa., Sharon, Pa., Newcastle, Pa.	Chesapeake System (Baltimore & Ohio) to acquire Erie Lackawanna trackage between Warren and Greenville including the Sharon-Newcastle Branch.
CS-16	Greenville, Pa., East Salamanca, N.Y.	Chesapeake System (Baltimore & Ohio) to acquire Erie Lackawanna trackage between Greenville and East Salamanca including Oil City Branch.
CS-17	Buffalo Creek RR.	Chesapeake System (Baltimore & Ohio) to acquire rail properties or leasehold interest now owned by Erie-Lackawanna and Lehigh Valley. Alternatively Chesapeake acquire trackage rights over Buffalo Creek Railroad.
DT&I-1	Cincinnati, Ohio, South Charleston, Ohio	DT&I acquire ownership or trackage rights over Penn Central between Cincinnati and South Charleston via "Little Miami" route, or DT&I acquire ownership or trackage rights over Penn Central between Springfield and Ivorydale via Dayton thence over B&O to L&N and Southern connections at Cincinnati. Also acquire ownership or trackage rights over Penn Central to L&N and Southern via Undercliff.
EL&E-1	Hegewisch, Ill.	Elgin, Joliet & Eastern to acquire Penn Central line between Hegewisch and South Chicago.
GTW-4	Lansing, Mich.	Grand Trunk Western to acquire all Penn Central terminal trackage at Lansing.
GTW-5	Saginaw, Mich., Bay City, Mich.	Grand Trunk Western to acquire Penn Central trackage within Saginaw and Bay City.
GTW-7	Midland, Mich., Bay City, Mich.	Grand Trunk Western to acquire and operate the Penn Central track from Bay City to Midland, 19 miles, including the terminal facilities at Midland.
GTW-9	Rochester, Mich., Oxford, Mich., Lapeer, Mich., Vassar, Mich.	Grand Trunk Western to acquire Penn Central facilities at Oxford, Rochester, Lapeer and Saginaw.
GTW-11	Grand Rapids, Mich., Muskegon, Mich.	Chesapeake & Ohio to acquire Penn Central terminal facilities at Vassar.
GTW-12	Vicksburg, Mich., Kalamazoo, Mich., Grand Rapids, Mich.	Grand Trunk Western to acquire and operate 28 miles of Penn Central trackage between Grand Rapids (Walker) and Muskegon.
GTW-13	Vicksburg, Mich., Grand Rapids and Branch Line between Plainwell and Otsego, also Penn Central terminal facilities in Grand Rapids assuming Penn Central discontinues operations north of Grand Rapids.	Grand Trunk Western to acquire and operate approximately 61 miles of Penn Central line between Vicksburg and Grand Rapids and Branch Line between Plainwell and Otsego, also Penn Central terminal facilities in Grand Rapids assuming Penn Central discontinues operations north of Grand Rapids.
IT&E-1	Peoria, Ill., Decatur, Ill.	Illinois Terminal to acquire Penn Central trackage over which Illinois Terminal now has trackage rights.
IT&E-2	Peoria and Eastern RR.	Illinois Terminal acquire P&E between Peoria and Indianapolis.
IT&E-3	Decatur, Ill., Terre Haute, Ind.	Illinois Terminal to acquire Penn Central trackage between Decatur and Terre Haute.
N&W-2	Wilkes-Barre, Pa., Harrisburg, Pa., Hagerstown, Md.	Norfolk & Western and/or Delaware & Hudson to acquire ownership or trackage rights between Wilkes-Barre and Hagerstown via Harrisburg.
N&W-11	Malvindale, Mich.	Norfolk & Western to acquire 28.86 acres of land and associated trackage and operating agreements from Penn Central.
N&W-12	Deepwater, W. Va., Swiss, W. Va., Landisburg, W. Va., Peters Creek, W. Va., Nitro, W. Va., Deepwater Bridge, W. Va.	Norfolk & Western to acquire Penn Central lines and Penn Central interest in Nicholas, Fayette & Greenbrier Railroad.
N&W-14	Cleveland, Ohio, Youngstown, Ohio.	Norfolk & Western to acquire Erie Lackawanna trackage between Youngstown and Cleveland, possibly limited to trackage rights between Leavittsburg and Warren.
N&W-15	Buffalo, N.Y., Binghamton, N.Y., Northern New Jersey.	Norfolk & Western to acquire trackage of or trackage rights over Erie-Lackawanna from Buffalo to Northern New Jersey and access to some additional traffic base in that area. Also trackage of or trackage rights over EL from Central Ohio to Hornell, N.Y., if required for service or operating reasons.
N&W-16	Buffalo, N.Y., Waverly, N.Y., Northern New Jersey, Binghamton, N.Y.	Same as N&W-15 but with track of or trackage rights over EL from Buffalo to Waverly then of or over Lehigh Valley to Northern New Jersey. Also a connection to Delaware & Hudson at Binghamton.
PALE-4	Youngstown, Ohio, Ashtabula, Ohio	P&E acquire trackage rights or ownership of Penn Central trackage.
PALE-5	Aliquippa, Pa., Conway, Pa.	Penn Central close Conway Rail Barge coal transload facility and enter agreement for joint use of P&E Colona facility at Aliquippa.
PALE-10	Kabuta, Pa., Warton, Wheeling, W. Va.	Pittsburgh & Lake Erie to acquire Penn Central lines between Kabuta and Warton.
RF&P-21	Wilmington, Del., Norfolk, Va.	RF&P operate over or acquire Penn Central lines to reach end and intermediate points and connections with open routing at all connection points.
ROU-41	Wilmington, Del., Norfolk, Va.	Southern to acquire Edgemoor Yard at Wilmington and all lines east and south of the corridor main line including Shellpot secondary tracks, line from Bridge to Ragan and from Porter to Newark. All lines from Edgemoor Yard to Cape Charles including carfloat operation between Norfolk and Cape Charles and all Penn Central tracks in and around Norfolk Virginia. Southern would propose to acquire the branch lines on the Peninsula Line with the following exceptions: Line from Cape Junction to Kiptopeke (probably already retired). Crisfield Branch from Kings Creek to Crisfield. Willard Branch from Salisbury to Parsonsburg. Vienna Branch from Hurlock to Vienna. The Oxford Branch from Easton to McDaniel. (probably already retired). The Denton Branch from Denton to Queenstown. The Chestertown Branch from Massey to Chestertown. The Centerville Branch from Townsend via Massey to Centerville unless the present shipper subsidy arrangement or a similar appropriate arrangement is continued. Also trackage rights as needed to provide direct connection to B&O and RDG at Wilmington.

See footnotes at end of table.

Appendix D-3 (Major Market Extension Proposals Reviewed Under Section 206(d)(3))—Continued

PART II—Continued

Major market extension proposals that will not materially impair the profitability, either singly or cumulatively, of any railroad in the Region or ConRail—Continued

Project ID	Location	Description of project
TP&W-1.....	Effner, Ind., Logansport, Ind.....	Toledo, Peoria & Western to acquire trackage rights over Penn Central between Effner and Logansport.
TP&W-3.....	Sheldon, Ill., Indianapolis, Ind.....	TP&W acquire trackage rights over Penn Central between Sheldon and Indianapolis.
USRA-1.....	E-L System.....	Chessie System to acquire entire Erie Lackawanna Railway Company.
USRA-2.....	E-L System.....	Norfolk & Western Railway Company to acquire entire Erie Lackawanna Railway Company.
USRA-3.....	Buffalo, N.Y., Binghamton, N.Y., Northern New Jersey.....	Chessie System to acquire trackage of or trackage rights over Erie Lackawanna from Buffalo to Northern New Jersey and access to some additional traffic base in that area. Also trackage of or trackage rights over EL from Central Ohio to Hornell, N.Y., if required for service or operating reasons.
USRA-4.....	Harrisburg, Pa., Allentown, Pa., Bethlehem, Pa., Philadelphia, Pa., Wilmington, Del., Central Ohio.....	Norfolk & Western to acquire trackage or trackage rights from Central Ohio via Harrisburg to the Allentown/Bethlehem, Greater Philadelphia, and Wilmington areas, with or without access to on-line industry in and between those points.
USRA-5.....	Buffalo Creek Ry.....	Norfolk & Western to acquire rail properties or leasehold interest now owned by Erie Lackawanna or Lehigh Valley or acquire trackage rights.

¹ While not specifically adding conditions at this time, this finding of no material impairment of profitability assumes that equitable rate divisions acceptable to ConRail can be negotiated and that ConRail would be relieved of all expenses which

may be involved in the establishment of an interchange yard at Wilmington and the construction of other facilities (i.e., bridges, etc.) necessary to move traffic over this route without interference to the Northeast Corridor passenger lines.

Other Coordinations and Market Extensions

Appendix D-4 lists proposed coordination projects which involve acquisitions of portions of solvent railroads by the ConRail system to be established under

the Act. These acquisitions do not require a finding by the Association under the provisions of Section 206(d)(3), but are listed here for the purpose of eliciting public response.

Appendix D-4 (Proposed Coordinations and Market Extensions Not Subject to Section 206(d)(3))

Determinations regarding profitability impairment not required

Project ID	Location	Description of project	Service continued		Note
			Location	By	
DE-0.....	Various.....	The only project not subject to Section 206(d)(3) that involves the State of Delaware is MD-2.	Not applicable.....	N/A.....	
IN-15.....	Jeffersonville, Ind., Louisville, Ky., N. Vernon, Ind.	Penn Central (ConRail) to acquire the Baltimore & Ohio (Chessie System) line from Jeffersonville to Louisville inclusive, with B&O to abandon its line from North Vernon to Jeffersonville.	All points on acquired segment. None on the segment to be abandoned.	PC.....	1
IN-16.....	Indianapolis, Ind.....	Penn Central (ConRail) to acquire 1 mile of Norfolk & Western track in the Indianapolis terminal area now being used only by PC.	All points on acquired segment.....	PC.....	
IN-0.....		There are no other projects not subject to Section 206(d)(3) that involve the State of Indiana.	Not applicable.....	N/A.....	
MA-7.....	Boston, Mass., Rotterdam Junction, N.Y.	Penn Central (ConRail) to acquire trackage rights over Boston & Maine from Boston to Rotterdam Junction.	No service to be abandoned.....	N/A.....	
MA-8.....	Canal Jct., Mass., Creamery, Mass., Forest Lake, Mass., Wheelwright, Mass.	Penn Central (ConRail) to acquire the Boston & Maine line from Creamery to Wheelwright, with B&M to abandon its line from Canal Junction to Forest Lake and its trackage rights over PC from Forest Lake to Creamery and over Central Vermont from Amherst to Canal Junction.	All points on acquired segment. None on the segment to be abandoned.	PC.....	2
MA-0.....		There are no other projects not subject to Section 206(d)(3) that involve the State of Massachusetts.	Not applicable.....	N/A.....	
MD-2.....	Baltimore, Md., Philadelphia, Pa., Washington, D.C., Wilmington, Del.	Penn Central (ConRail) to acquire trackage rights over, or outright, all or parts of the Baltimore & Ohio (Chessie System) line from Washington, D.C., to Philadelphia, Pa.	No service to be abandoned.....	N/A.....	3
MD-0.....		There are no other projects not subject to Section 206(d)(3) that involve the State of Maryland.	Not applicable.....	N/A.....	
MI-12.....	Delta, Ohio., Detroit, Mich.	Penn Central (ConRail) to acquire trackage rights over Detroit, Toledo & Ironston from Detroit to Delta, including the operation of DT&I's Flat Rock Yard as a joint facility.	No service to be abandoned.....	N/A.....	

See footnotes at end of table.

Appendix D-4 (Proposed Coordination and Market Extensions Not Subject to Section 206(d)(3))—Continued

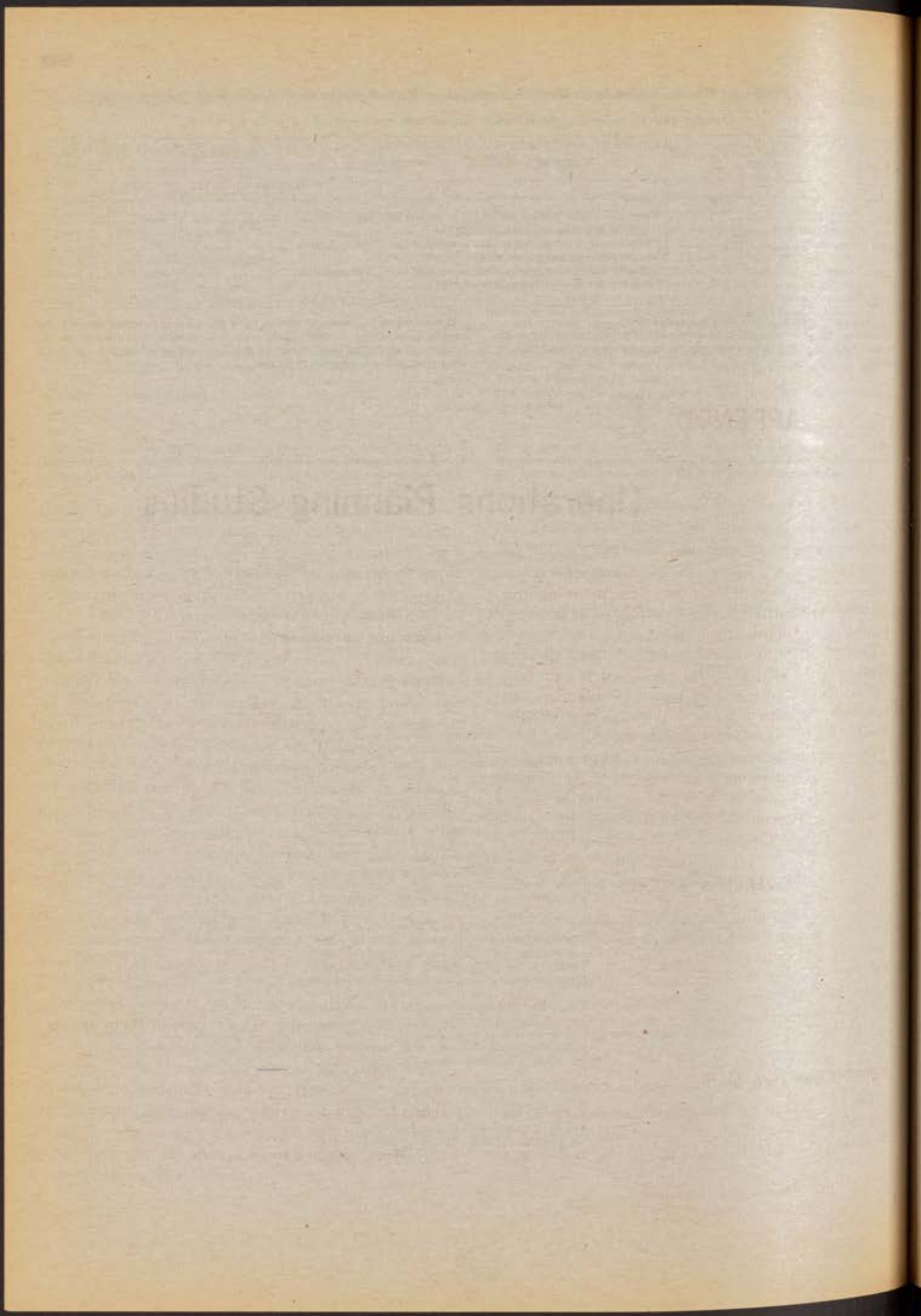
Determinations regarding profitability impairment not required—Continued

Project ID	Location	Description of project	Service continued		Note
			Location	By	
MF-8		There are no other projects not subject to Section 206(d)(3) that involve the State of Michigan.	Not applicable	N/A	
OB-4	Various	The only project not subject to Section 206(d)(3) that involves the State of Ohio is MI-12.	Not applicable	N/A	
PA-4	Various	The only project not subject to Section 206(d)(3) that involves the State of Pennsylvania is MD-2.	Not applicable	N/A	

1. A further alternative to project IN-1 in appendix D-1.

2. The Penn Central line with which the segment to be acquired connects is under study as a light-density line and may or may not be recommended for inclusion in ConRail.

3. See Chapter 13, Passenger Service, for a discussion of rerouting freight trains around the Northeast Corridor. In the event of an outright acquisition of this line by Penn Central (ConRail), Baltimore & Ohio would retain trackage rights and some or all on-line industry as negotiated.



APPENDIX E

Operations Planning Studies

The Association's operations planning efforts and findings are discussed in Chapter 5. The planning process, which was carried out in two phases, is described in greater detail in this appendix.

The first phase, overview studies, focused on identification of the critical factors involved in satisfying the requirements of the Act. A goal of this phase was to identify the steps necessary to assure that ConRail would be financially self-sustaining.

The second phase consisted of detailed or simulation studies of alternative operating strategies. In contrast to the overview studies, which dealt with orders of magnitude, the detailed studies analyzed in specific terms the various alternatives under consideration.

OVERVIEW STUDIES

The overview studies included economic overviews performed under contracts with outside consultants, onsite surveys of physical resources by USRA staff and projections of changes in the operating results of the bankrupt railroads, account-by-account, as they are merged and rehabilitated. (EL was not included in these studies.)

Economic Overview Studies

The first of two economic overview contracts was awarded to Strong, Wishart & Associates (SWA) of San Francisco, Calif. The objective of the study was to

appraise the potential viability of two ConRail options and to identify the principal leverage points in making ConRail financially self-sustaining.

Carrying out the study objectives, parallel work was carried out in two areas. SWA made financial projections on the basis of assumed investment requirements and operating performance improvements. In this area, SWA used Southern Pacific's Corporate Planning Model to test the economic viability of ConRail under these varying assumptions.

In the second area, in cooperation with the Association of American Railroads, SWA formed an Operations Evaluation Team composed of senior railway officers who conducted an intensive 30-day survey to identify problems and assess potential improvements. The team included five railroad vice presidents, experienced in Operations, each of whom was assigned a portion of the bankrupt railroads. The team personally inspected 60 percent of the trackage of the bankrupts and interviewed key line officers. Although the effort concentrated on the operating departments of these railroads, it also included a brief review of their marketing and support activities.

The financial projections generated by the Corporate Planning Model were the first estimates of ConRail's potential prospectus under varying assumptions. It should be noted that SWA was assigned to "work backward" from viability to determine the practical steps

necessary to achieve viability. Two network configurations were included in this evaluation:

- Two-system ConRail with the Penn Central and Ann Arbor in one system and the other four bankrupt properties in a system similar to the Mid-Atlantic Railroad Concept.
- One ConRail encompassing the (six) bankrupt properties.

In the course of this evaluation, SWA found that:

- Splitting CRC would add materially to the capital requirements and significantly reduce the potential financial performance. For either system to be viable:
 - Car ownership must be reduced by one-third and cars on line would have to be cut by nearly half.
 - The size of the system must be reduced by one-third.
 - Even with these reductions, rehabilitating the plant was estimated to cost between \$1.5 and \$2.0 billion.

Through their inspections of the facilities and discussions with key operating officers, the team of railroad vice presidents identified 8,400 miles or 38 percent of the lines of the bankrupts to be considered for abandonment. SWA also found that:

- Rehabilitation of the track is the first priority.
- Planning, organization and control of the bankrupts must be strengthened.
- Much more management attention must be focused on equipment utilization.

The second economic overview project, performed concurrently with that of Strong, Wishart & Associates, was conducted by Reebie Associates of Greenwich, Connecticut. This study concentrated, through cost analysis, on identifying where the bankrupts are presently losing money. It also included a series of recommendations for revision of ConRail's marketing and planning functions. Specific observations from the Reebie Study included:

- The railroads need to identify their economic "place in the sun" so that resources and management attention can be allocated effectively.
- The physical condition of the bankrupts has deteriorated to such an extent that normal debt service on the rehabilitation program may be greater than the direct savings resulting from rehabilitation. (The rehabilitation, nevertheless, is necessary to continue operations).
- The principal means of improving the profit performance of the bankrupts are:
 - Full recovery of costs of passenger services, including the cost of capital.

- Improved train operations to minimize intermediate handling in yards.
- Improved car management systems to minimize empty backhauls.
- Increasing the revenue yield to at least a break-even level on traffic now handled below variable costs.
- Establishing equitable division of revenues between Southern/Eastern and Western/Eastern railroads.
- Regaining lost traffic through upgrading and modernization of plant.
- Recovering full costs, including the cost of capital, for branch line operations.

In addition, Reebie Associates stressed the need for a reorganization of management to provide profit orientation and incentive in the field to achieve balanced traffic flows. Reebie also recommended minimization of organizational layers between top management and field profit centers and a marketing goal of selective rather than "across the board" rate increases.

Engineering Overview Study

In conjunction with related studies for the Federal Railroad Administration and the Association of American Railroads, Thomas K. Dyer, Inc., Consulting Engineers, made a computer analysis of the installation of ties, rails and other track materials for the last 40 years by the bankrupt railroads and their predecessors. The maintenance data were related through computer programs containing empirical data on material lives with statistics on gross ton miles and track miles operated. This was done to project future track material requirements. To provide perspective and to project the overall industry demand for materials, similar data were obtained from ICC reports of other railroads in the Region and other Regions to estimate future material requirements.

These analyses indicated that:

- As shown in Figure 1, the number of ties due for replacement each year will grow through 1991, due to the unusually high level of tie installations during the World War II period. This occurs because the bulge of installations of materials in the Forties is now recycling.
- The material cycle of the bankrupts is duplicated on many other railroads, including some but not all of the solvents. Therefore, the overall demand for materials will grow rapidly while the supply is limited, causing track material costs to be under growing inflationary pressures.

USRA Staff Studies

An initial data-gathering effort by USRA's Operations Planning Staff included field visits and the com-

FIGURE 1
CONRAIL TIE INSTALLATIONS
AND TIE REQUIREMENTS
1933-1992



SOURCE: THOMAS E. DYER, INC., LEXINGTON, MASS.
SEPT., 1974.

pletion of 35-page checklists on the operations of more than 60 of the bankrupt's classification and industrial switching yards, as well as inspections of many of the main and secondary lines. The information gathered during these evaluations, which tended to confirm the findings of the overview studies, indicated that:

- Physical plant conditions range from adequate to virtually inoperable.
- Management generally is crisis-oriented and has little time to plan.
- Labor, car and locomotive resources are inadequately controlled.
- To compensate for bad physical plant, attention to meeting major customers' service requirements has in some instances reached uneconomic levels.
- No one seems to know where and why money is being lost, but each assumes it is beyond his control.
- Management lines of communication and budgetary control are inadequate.

Conclusions of Overview Phase

After the overview studies, the requirements for detailed studies were initiated or redirected. In addition, the overview studies provided planning parameters and assumptions for the detailed studies, and gave the USRA management and Board of Directors perspective as to the magnitude and nature of the railroad reorganization situation. Although the detailed studies sometimes revealed differences in the exact magnitude of the problems, the priority areas of emphasis delineated in the overview phase were generally

confirmed by the detailed studies. The overview studies thus focused USRA's planning efforts on the critical areas for improvement.

DETAILED STUDIES

On the basis of the overview studies and the experience of the USRA staff, a series of detailed studies of key areas were carried out in preparation of the Preliminary System Plan. Many of these studies are continuing for use in preparation of the Final System Plan.

Data Base Development

In preparation for its detailed planning effort, and concurrently with the overview studies, USRA developed an origin/destination traffic-flow data base for the bankrupt railroads.

The basic input to the USRA operations planning process was a definition of the present demand for railroad freight service by the bankrupt carriers or others in the Region. USRA's objectives in developing the Railroad traffic and revenue data base were to:

- Assure a high level of completeness and accuracy.
- Provide data quickly so as to not delay the planning process.
- Provide the traffic and revenue data necessary to facilitate analysis of potential system configurations.
- Support the planning efforts of RSPO, state and regional planners and solvent rail carriers in the Region.

The development of a railroad traffic and revenue data base of the quality necessary to achieve the above objectives was complicated by the following conditions:

- Present railroad accounting procedures do not provide a single document containing all the data elements necessary to define the customer, geographic, commodity and carrier revenue characteristics of each carload shipment.
- For many of the data elements contained on railroad documents there is no industry-wide standard coding structure. Conformity with such standards as exist varies greatly among carriers.
- The volume of data is so large that existing machine-readable (computerized) data files must be used for the larger railroads to avoid the high cost and intolerable delays associated with key-punching source documents.
- The level of sophistication in the computerized information system varies widely among the Northeastern railroads. As a result, certain critical data elements are not captured by some carriers.

Two potential sources of data exist which can be utilized to fulfill the above objectives. They are the Revenue

Waybill and the Interline Abstract. There are several problems in using the waybill as the basic source of USRA's integrated data base:

- Many of the bankrupt railroads do not have waybill information in their computer files (especially on overhead traffic).
- Some railroads do not normally retain a paper copy of waybills on overhead traffic.
- Although the waybill contains a wealth of information about each shipment, the "data discipline" of this information is often poor.
- Although waybills (except memo bills) do show the total freight revenue, they do not show the proportion accruing to each carrier participating in the route of movement.
- Billing station rather than actual station is often shown in the waybill files.
- The expense and time requiring to code, keypunch and edit waybill data would be inordinate.

The abstract was selected as the principal data source because:

- The abstract contains the revenue proportion of each carrier participating in the route of movement.
- The level of discipline of the individual data elements is higher than that on the waybill.
- The mandatory railroad accounting rules require the abstract to show the actual stations between which the traffic moves, rather than billing stations, although some discrepancies still exist, especially in urban terminals.
- The carrier delivering the shipment to the destination always prepares the abstract and mails a copy to each carrier participating in the movement. Thus it is possible, when the carrier's computer files do not contain the necessary data elements, to obtain a complete picture of traffic and revenues by key-punching the abstract. This is not possible with waybills.
- Since many cars (waybills) may appear on each abstract, the time and cost of the data-collection effort is reduced.
- Since each railroad participating in the movement of a car (or cars) appearing on an abstract will take the data for its portion of the movement from the same document in the same accounting month, it is possible to integrate several railroads' data into a non-duplicative data base. This permits analysis of traffic flows on a merged basis without double counting.

However, the abstract has the following shortcomings:

- Shipper/consignee data elements do not appear on the abstract. The absence of this information minimizes disclosure problems, however.

- The data of actual movement for each shipment over each carrier do not appear on the abstract.
- Car initial and number, while present on the abstract, are not in the computerized abstract data files of all railroads, which precludes identifying the car type except by inference from the commodity code.

Nevertheless, it was concluded that the advantages of the abstract outweighed the alternatives, and therefore the abstract was selected as the basic data source. Abstract data for interline shipments and waybill data for local (single carrier) shipments on the AA, CNJ, LHR, LV, PC, RDG, and EL have been converted to a uniform computerized record. The following are typical of the uses being made of this and other USRA traffic and revenue data:

- Traffic data for the planning months of October and March of 1973, sorted by major ConRail gathering points, is being used for blocking and train-requirement studies by Stanford Research Institute under contract to USRA.
- Annual traffic data was supplied for the light-density line study and served as input to the CONSAD analysis.
- Origin/destination traffic flows were used to analyze several proposed ConRail options.
- Regional traffic flows were provided as inputs to the Temple, Barker & Sloane Traffic Projection forecasts.
- Various formats of data were submitted to the Rail Services Planning Office, regional agencies, the states and local governments and to the Department of Transportation.
- Traffic data (car float) at Cape Charles, Va., New York Harbor and across Lake Michigan were supplied to A. T. Kearney & Co., for analysis of marine operations.
- Traffic data were analyzed by the Public Interest Economic Center in its economic and environmental study.

Location Coding

The seven bankrupt railroads move more than 42,000 cars per day among more than 7,200 stations and 800 interchange locations. To analyze a network of this complexity, it was necessary to design a geographic location code structure based on railroad operational logic. Codes sequenced on operational logic permit the planner to aggregate and disaggregate traffic flows in the same manner that the railroad operates or could realistically operate.

None of the seven railroads used such a code structure when the planning process started. The railroads' freight station accounting code numbers (FSAC), upon

which the traffic-flow records are based, were not operationally logical. The Penn Central's ten-digit operation code network also was not operationally logical, principally because it was designed to serve administrative and accounting purposes as well as transportation uses. The geopolitical location designations utilized by the Interstate Commerce Commission, the Census Bureau and many studies conducted by the Department of Transportation were unusable for this purpose because they, too, are not operationally logical and therefore would be misleading as to the operational feasibility of proposed aggregations and disaggregations of the traffic.

The USRA Car Movement Code was designed to allow analysis of traffic flow based on the way in which cars are distributed to the ultimate structure. All of the "gathering points" in the network were identified through extensive analysis of local operations and discussion with railroad operating officials. "Gathering points" are defined as the yard or siding which is either the final location where a car is switched prior to delivery to a customer or to interchange or else the initial location where a car is handled upon receipt from a customer or interchange. This includes any point where a local or industrial switch engine drops cars for switching or picks up cars after switching for movement by a road train. In addition, major interchanges were designated as "gathering points."

The USRA Car Movement Code for the 7-railroad system (including EL) includes 517 gathering points. These range in size and complexity from a single interchange point served by a run-through train to a local yard serving more than 100 stations on several different branch lines. In many cases, local stations on a line between gathering points are served by more than one gathering point, depending on the origin or destination of a car. To handle these situations, the USRA Car Movement Code Structure includes "Multiple Gathering Points." A subprogram was designed to assign individual cars destined to a station served by a multiple gathering point to the gathering point at either end of the line segment, depending on the direction of movement of the car.

To handle a system of this size, a 10-digit code was used. Two digits have been reserved for future expansion of the system, if required. In addition to providing a coding system for car movement, codes were included to allow assignment of stations and line segments to the various networks being considered during the USRA planning process and to allow classification of a line segment's future status under the criteria for possible branch line abandonments.

With each gathering point serving as a base, an operationally logical and unique code number, appropriately related to the serving gathering point, was assigned to each of the more than 8,000 freight station accounting codes (FSAC) and interchange locations included

within the ConRail network. The code has been designed to allow changes to be made in the code structure. The gathering points are based on present operational patterns, but as changes and consolidations are made in the gathering services, the code structure should be modified to reflect these changes.

It is extremely difficult to plan rapidly and efficiently a network with more than 500 traffic nodes. To expedite the planning process, the 517 gathering points were aggregated into 147 "super nodes." Gathering points which originated sufficient traffic to preblock traffic for other gathering points, and those which received sufficient traffic so that other gathering points might do preblocking for them, were retained as super nodes in the consolidated network shown as Figure 2.

Each gathering point which did not originate or terminate enough traffic to generate inbound or outbound preblocking opportunities was consolidated (along with its traffic) into a super node. All consolidation was done in such a way as to maintain the integrity of the traffic flowing to and from each of the original gathering points so that the system can be disaggregated at any time.

The 147 Super-Node system was used by Stanford Research Institute (SRI) in developing a traffic movement blocking plan. SRI is expanding its program to allow the use of the 517 traffic nodes.

Future Traffic Flow

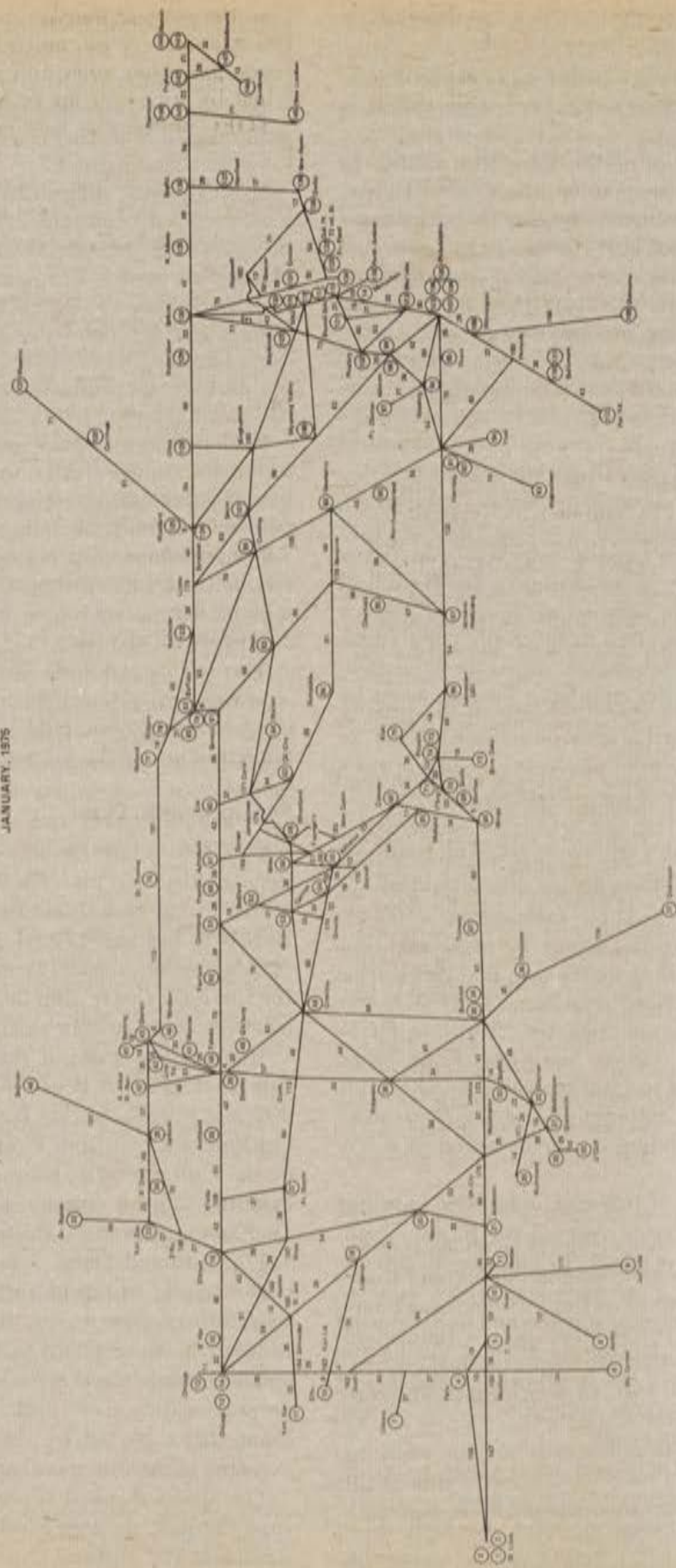
The USRA operations planning horizon extends through 1985. To plan operations for 1985, it was necessary to forecast traffic flows for that year. Temple, Barker & Sloane (TB&S) prepared a tonnage expansion factor for each of 12 commodities for 1980 and 1985 for ConRail. Conversion tables were provided to translate these tonnage forecasts into carloads.

Much of the traffic of the bankrupts originates outside the Eastern part of the United States. TB&S used different growth factors for traffic that flowed into the ConRail network from Western and Southern portions of the United States, because the West and South are expected to grow economically at a different rate than the Eastern part of the United States.

The future demand forecasts also recognized that traffic on the bankrupt railroads is expected to grow significantly slower than traffic on the major solvent railroads in the Eastern part of the United States, primarily because the other major roads in the East move proportionately more coal than the bankrupts. Of all commodities hauled by these railroads, coal traffic is expected to increase most rapidly by 1985.

The TB&S demand forecast assumed that the bankrupt carriers' position vis-a-vis other railroads in the Northeast and Midwest and vis-a-vis other modes would remain approximately the same as it is today. TB&S

Figure 2. CONRAIL BASIC 147 SUPER NODE NETWORK USED IN SRI BLOCKING SIMULATIONS
JANUARY, 1975



also prepared an estimate of the change in demand, by commodity, that can be expected in 1985 if:

- The bankrupt's physical plant continues to deteriorate relative to other modes and other railroads in the Northeast or,
- ConRail is able to improve its position relative to other modes and other railroads due to rehabilitation, modernization, merger and improved management and marketing techniques.

Operating plans have been developed, using the optimistic demand forecasts for 1980 and 1985. In addition, operating plans have been developed for alternate volume projections and for downward revisions of TB&S's forecast to reflect the current business recession.

Train Blocking

To facilitate adaptation of the numerous aspects of car and train movement to computer analysis, the flows contained in the data base were merged into 147 origin and destination super nodes. A network that represented main lines connecting these locations was established. The resulting model was applied to three separate computer programs which were used in series in a five-step process.

The analytic process.—The first step in the process was manual and required a decision as to what blocks would be made for outbound cars from each origin yard (including those cars being switched at that location as an intermediate yard) and what ultimate flow destinations would be included in each block. The resulting blocking strategy was then input to the first program which contained the 147 x 147 matrix of traffic flows in core. This program moved the flows from origin to destination in accordance with the input strategy. As the flows moved from yard to yard, they were added to the appropriate block at each yard.

The output of this second step was the sizes and destinations of blocks on hand to move at each yard as well as printout formats that permitted tracing various flows over the network, volumes handled in each yard and the input strategy that allowed modification or correction.

The third step in the procedure is manual, the decisionmaking process of placing blocks on trains, routing trains over the network and designating enroute work for each train picking up or setting out blocks at intermediate points. These trains are input to the second program which assures that all blocks reach their ultimate destination and all trains are on proper routes to accomplish assigned work.

As output, printout records are produced, showing block movements on trains as well as a record of all trains operated including loads, empties, tons, route and work enroute.

The final program, which receives output directly

from the second, computes network and train statistics. These include train miles and hours, car miles and hours, gross ton miles and numbers of cars, tons, and trains by direction on each segment of the network.

TOFC traffic was not included in that portion of the data base being used in the Blocking Studies. Such traffic was considered in the intermodal study (see Appendix F). TOFC trains that were developed in the intermodal study were input into the record of trains operated.

Unit train traffic was identified to the extent that railroad records were available to coincide with the data base period. Such traffic was excluded in aspects of the program that would not be applicable to unit traffic such as the count of cars being humped or otherwise classified in a switching yard. However, all unit trains as well as TOFC movements were included in summarizing the trains and gross tons operated over each line segment.

Comparison of blocking plans.—Using the 147 super-node network, thirty options or variations of options were simulated in preparing the Preliminary System Plan. As shown in Table 1, the sensitivity of the projected ConRail operation was tested under different conditions. Additional scenarios are being processed to test the sensitivity of the ConRail system to changes in train size, work rules, extent of plant rehabilitation, exclusion of various leased lines and further changes in demand forecasts and network configuration. Also,

TABLE 1
EVALUATION OF PROPOSED CONRAIL OPERATING PLANS

SCENARIO	DATE BASE LOADS	DATE BASE EMPTY	GEOGRAPHIC NETWORK	RAILROADS INCLUDED	DEMAND FORECAST
I A B C D E F	10/73 CRC	4/74 PC	CRC I (1) EAST/WEST NORTH/SOUTH NEUTRAL TERM. CRC 1/2 EXISTING	BR (2)	ACTUAL
II A B C	10/80 CRC	4/80 PC	CRC I EAST/WEST NORTH/SOUTH		TBS I (3)
III A B C D	10/85 CRC	4/85 PC	CRC I EAST/WEST NORTH/SOUTH CRC 1/2		USRA (4)
IV A B C	10/80 CRC	4/85 PC	CRC I EAST/WEST NORTH/SOUTH		
V A B C D	10/85 CRC	4/85 PC	CRC I EAST/WEST NORTH/SOUTH CRC 1/2		
VI A B C D E	10/73 CRC	4/74 PC 10/73 EL	CRC I (A) (5) CRC I (B) (6) MARC/EL (7) PC/AA (8) CRC 1/2	7RR (9)	ACTUAL
VII A B C D E	10/85 CRC	4/85 PC 10/85 EL	CRC I (A) CRC I (B) MARC/EL PC/AA CRC 1/2		USRA

NOTES:

- (1) SINGLE SYSTEM CONRAIL
- (2) PC, LV, RDG, CNL, AA, LHR
- (3) "PRE-RECESSION" DEMAND FORECAST BY TEMPLE, BARKER & SLOANE
- (4) "RECESSION" FORECAST BY USRA STAFF
- (5) EL (EAST) TO SOLVENT; PHILADELPHIA (RDG) AND ALLENTOWN/BETHLEHEM (RDG) TO C&O; REMAINDER TO CONRAIL
- (6) CNJ/LV TO SOLVENT; PHILADELPHIA (RDG) AND ALLENTOWN/BETHLEHEM (RDG) TO C&O; REMAINDER TO CONRAIL
- (7) LV/CNJ/RDG/EL
- (8) PC/AA/LHR
- (9) PC/CNJ/LV/RDG/AA/LHR/EL

to prepare the Final System Operating Plan, the network planning process is being expanded in scope to analyze and plan the blocking and train operating plans to handle the traffic planning among the 517 gathering points on the ConRail system. The depth of the effort is also being expanded to develop the capability to simulate classification yard operations in detail.

From the blocking strategy, the total numbers of cars handled at one, two or three intermediate yards was indicated in summation. Every effort was made in all options to handle significant flows directly from origin to destination and all major flows were generally limited to a single intermediate handling. An effort was also made to block so that traffic flows would be handled on the shortest feasible route.

Whenever a significant volume was developed to an ultimate destination (20 to 40 cars depending upon distance and other circumstances) a block was made to that destination. For all locations, including 13 major system yards, the number of cars being switched and classified was considered as well as the number of classifications and the size of the block formed by each classification. Blocks that were too small were discontinued and the components re-sorted to appropriate blocks.

Summaries of the operating statistics and yard loadings from some of the scenarios processed are shown in Table 2. The major comparison produced was the total number of cars being switched, with specific comparisons being drawn off for the 13 major system yards. Although not shown here, comparisons were also made of loadings on 17 system yards of lesser volume. Compared to the existing operation, it was possible through planning to reduce system switching requirements under all options and, as a general rule, the total number

of cars being handled at system yards was less than are being handled today.

Although the number of classifications required of each yard was frequently more than they are preparing today, railroad officials concurred that in most cases the projected requirements did not exceed the capability of most locations. There were areas, however, where the capability was open to some question. These locations were identified for all versions and adjustments made. To handle questions concerning either the total number of cars being switched or the number of classifications to be made at a given yard, a separate program has been developed that provides the detail necessary to carry out a detailed simulation of such yards.

The outputs of the train operation and system statistics program produced several totals for comparison between the options, as shown in Table 2. Running times were assigned for present operations as well as for the postrehabilitated operation for each segment. Train hours and car hours were produced and compared under both conditions. Train miles and car miles were also developed and compared. The data base for current traffic flows was run through a special program and short-route car miles were determined. Circuitry percentages were then determined for each version.

Gross ton miles generated and gross tonnages for each line segment were also compared for each plan. Trains were rerouted in many cases to test the resultant load in terms of number of trains and gross tons on selected line segments. In addition, the effect that major reroutes would have on car hours and miles and train hours and miles was determined. Similarly, to test the potential for line reductions, specific traffic flows were removed entirely from selected routes. Through cars in trains that were doing work enroute were indicated

TABLE 2.—147 "Supernode" network planning scenario outputs

Scenario, network and date/volume	I-F, Existing 1973	I-A, ConRail 1973	I-B, East/West 1973	I-C, North/South 1973	IV-A, ConRail I 1980 USRA	V-A, ConRail I 1985 USRA	I-E, CRC 1/2 1973	VI-A, CRC IIA 1973	VII-A, CRC IIA 1985 USRA	VI-C, MARC/EL 1973	VII-C, MARC/EL 1985 USRA	VI-D, PC/AA 1973	VII-D, PC/AA 1985 USRA
GTM (thousands).....	658,562	643,086	650,831	645,014	708,270	752,351	576,830	665,664	796,231	124,003	153,512	602,395	267,355
Train miles.....	122,233	120,976	126,315	128,150	129,691	131,764	109,062	126,953	131,793	22,025	23,798	116,835	124,171
Train hours.....	5,684	5,418	5,719	5,941	5,957	6,034	4,818	5,626	5,813	940	1,007	5,330	4,736
Car miles (thousands).....	11,176	10,912	11,048	10,936	11,293	11,582	9,765	11,197	12,658	1,970	2,293	10,280	11,721
Car hours (thousands).....	504	468	482	486	492	504	419	479	534	78	90	450	460
Network miles in use.....	9,445	9,023	8,998	9,910	9,179	9,028	5,842	9,891	9,573	2,708	2,708	8,607	8,199
CM ratio to short route miles.....	1.058	1.032	1.045	1.035	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total system switchings.....	94,769	83,605	86,261	85,387	86,899	87,587	76,757	88,434	97,430	19,089	20,674	76,300	84,399
System yard loadings:													
Avon.....	3,452	3,161	3,289	3,131	3,060	3,099	2,312	2,971	3,115	0	0	2,884	2,110
Blue Island.....	2,998	2,638	2,601	4,087	2,835	2,991	2,405	2,034	3,552	654	830	2,568	2,972
Elkhart.....	3,250	3,152	3,354	1,928	3,330	3,447	3,471	3,524	3,981	0	0	3,084	2,364
Cincinnati.....	2,542	2,341	2,391	2,419	2,529	2,658	2,823	2,333	2,752	94	112	2,274	2,506
Buckeye.....	2,579	2,418	2,468	2,023	2,442	2,507	2,084	2,220	2,450	0	0	2,229	1,900
Stanley.....	2,288	1,874	1,930	2,440	1,911	1,945	2,321	1,792	1,974	0	0	1,749	2,281
Detroit.....	1,916	2,062	2,103	1,859	2,141	2,202	1,456	2,002	2,270	0	0	1,043	1,100
Cleveland.....	1,203	1,088	852	893	1,103	1,135	802	1,470	1,554	456	446	4,200	4,584
Conway.....	5,975	4,160	4,128	2,388	3,769	3,801	3,259	4,302	4,737	0	0	2,611	2,089
Buffalo.....	3,017	2,556	3,140	3,202	2,495	2,509	3,077	2,638	2,732	1,725	1,810	2,021	2,211
Harrisburg.....	5,258	3,751	5,590	5,736	3,743	3,796	4,767	2,876	2,989	577	624	0	0
Allentown.....	1,598	1,608	1,905	1,737	1,572	1,625	1,564	1,892	2,014	1,327	1,303	2,816	2,029
Selkirk.....	3,188	2,735	2,283	2,959	2,917	2,956	2,617	2,630	2,767	0	0	0	0

as well as the cars in blocks that were passed enroute between trains.

The number of trains operating on various segments of the network was compared within several of the versions. If major or lengthy segments were out of balance, modifications were made in blocks being carried to permit consolidations of trains or splitting up of larger trains to avoid a situation that called for excessive crew and perhaps power and caboose deadheads. Since the effect on the system statistics was minimal, the balancing effort was not carried out on all variations.

A traffic flow by commodity was produced prior to commencing work on any of the versions so that commodity content of traffic flows and blocks on trains could be determined by ready reference.

Data used in block and train formation was rounded and represents an average day in a 25-day month. Specific output figures represent a design day (a fairly heavy day) rather than an average day. When conversion was made to monthly or annual statistics, the appropriate multiplier was used to portray an accurate comparison, factoring out the 25-day average.

Capacity of Facilities

It is generally assumed that railroads have significant amounts of unused capacity. This may be accurate but such generalizations are inadequate for development of the Preliminary System Plan. In fact, experience confirmed by recent FRA computer simulation studies of railway line capacity indicates that, as physical capacity is approached, small changes in volume have significantly greater impact on delays and therefore on capacity.

The same study (discussed below) found that delays tend to grow approximately as the inverse square of change in train speed. For example, if slow orders require cutting average train speeds in half, delays would grow four times. Given the present physical condition of the bankrupt carriers, the volume of traffic to be handled and the number of potentially redundant facilities (yards, multiple tracks, parallel lines, etc.), USRA determined that adequate capacity could not be assumed. Therefore, capacity has been explicitly analyzed for both mainlines and yards where significant changes in the operation are contemplated.

Main Line Capacity Analysis

USRA, FRA and RSPO (ICC) jointly contracted for analysis of principal lines with a Train Performance Calculator. FRA contracted to develop, test and use a Dispatching Simulation Model for developing parameters for evaluating line capacity and delays given train density, track configuration and speed.

Train performance calculator.—Detailed operating information for each line was provided to T. K. Dyer,

Inc., to be utilized in its Train Performance Calculator (TPC). The information includes the following:

- Line Geometry—curvature, gradient and speed restrictions.
- Definition of operating segments and mileages.
- Definition of test trains of various sizes with HP/Ton ratio for each type of train.

Using the Train Performance Calculator, transit times over a given line are determined for each of the following types of trains: passenger train, merchandise train, TOFC train, loaded unit train, and empty unit train. T. K. Dyer has simulated train runs of these types in both directions over approximately 9,700 road miles of potential ConRail mainline for RSPO and FRA, as well as USRA.

In addition to providing running times, which are used as an input to the Dispatching Simulation Model, the output of the Train Performance Calculator has been useful to USRA because it provides practical transit time and fuel consumption information over each mainline segment, making it possible to evaluate more closely the incremental circuitry costs and fuel efficiency associated with changing or upgrading routes. This information was used to define the mainlines required for ConRail, since it enabled USRA to make trade-off decisions between incurring incremental operating costs associated with additional route miles rather than acquiring and subsequently rehabilitating additional mainline segments. The Train Performance Calculator is programmed to define the difference in running times resulting from rehabilitation of the track or changes in locomotive characteristics, such as results from electrification. The additional cost of overpowering trains to increase speed can also be evaluated.

Dispatching Simulation Model.—The Dispatching Simulation Model was used to test track capacity and estimate train delays. Inputs to the Dispatching Simulation Model include the following information for each line segment under study:

Track Arrangement.—Number of tracks, location of sidings or crossovers, length of sidings, location of stations, yards and junctions.

Signal System.—Direction of movement and block spacing.

Run Times.—For various hp/ton ratios from Train Performance Calculator.

Schedules.—Of all trains. A schedule consists of starting time, origin and destination points, and work required en route.

Trains.—Assigned to five priority groups:

- Passenger
- TOFC and Preferred Merchandise
- General Merchandise
- Loaded Unit Trains and Empty Unit Trains
- Local and Transfer Movements

To verify the accuracy of input and to calibrate the model to allow comparisons with later runs, each line was first simulated with the existing track configuration and existing traffic. Once the program was validated for a segment, variations were made in input to test different operating strategies. The model was set up to measure on a quick-response basis the impact of such changes as the following:

- Proposed schedules can be run to simulate rerouting of present traffic or entirely new traffic flows.
- Tracks can be taken out of service for short periods to simulate maintenance-of-way work.
- Tracks or sidings can be added or removed and signal systems can be modified to allow bidirectional running.
- Running times can be varied to reflect slow orders and the removal of slow orders following rehabilitation.

The Dispatching Simulation Model provides a tabular simulation printout and a "stringline" diagram for each line segment and each operating scenario simulated. The tabular printout presents the detail of all delays incurred by each train, including programmed delay, such as work enroute or simulated mechanical breakdowns, and dispatching delay caused by interference from other trains or limitation of the physical plant. Delays for each simulation are totaled and averaged for each priority group of trains.

The stringline diagram provides a visual display of the results of the simulation. It is useful for quickly spotting problem areas and the probable cause of any delays to trains. Figure 3 illustrates a computer-generated stringline diagram for the multitrack line from Harrisburg to Conway with existing trains.

The Dispatching Simulation Model can be used to test the "breakdown capacity" (the point at which additional trains cannot be handled and traffic begins to back up) of a line under varying operating conditions. It is also useful for determining the amount of delay incurred and, by associating costs with delay, a judgment can be made as to the value of reducing delays.

If a line reaches the breakdown point, or if an unacceptable amount of delay is incurred, the line can be resimulated with a variation in the configuration or condition of the physical plant or the schedule of trains operated. If a simulation indicates that there is no problem with line capacity using a particular operating strategy or schedule, a further test can be made to see if reductions can be made in the physical plant without interfering with the traffic.

FRA has utilized the Dispatching Simulation Model in its Parametric Track Capacity Analysis Project to simulate present traffic and track configuration on 7,030 road miles of line, including 12,162 miles of main track of the 7 bankrupt carriers. Although a computer simulation is not the same as actual dispatching, the Dis-

patching Simulation Model is useful for pointing up possible problem areas.

Simulation of proposed reroutings.—Several proposals for major rerouting of traffic were tested on the Model to determine if they are practical and, if not, where the problems are. A few examples follow:

- The reroute simulation of all Conway-Chicago traffic via Cleveland and Toledo and via Bucyrus and Toledo indicated that this was not a viable plan, and for this reason the Ft. Wayne line will have to be retained, at least through the rehabilitation period.
- The reroute of all Indianapolis-St. Louis traffic on the South Line indicated that additional double track would be necessary to use this as the only route, and the North route will be needed until the improvements are made.
- The reroute of Buffalo/Niagara-Detroit traffic via Cleveland and Toledo indicated adequate capacity if the Ft. Wayne traffic is not also run via Cleveland. Therefore service considerations, not capacity, govern use of the Canada Southern route.

Origin-destination traffic flows are being analyzed by Stanford Research Institute to determine the most efficient way of handling the traffic. An output of this analysis will be pro forma freight train schedules over each line segment. The Dispatching Simulation Model will be used to test the practicality of these schedules prior to preparation of the Final System Plan.

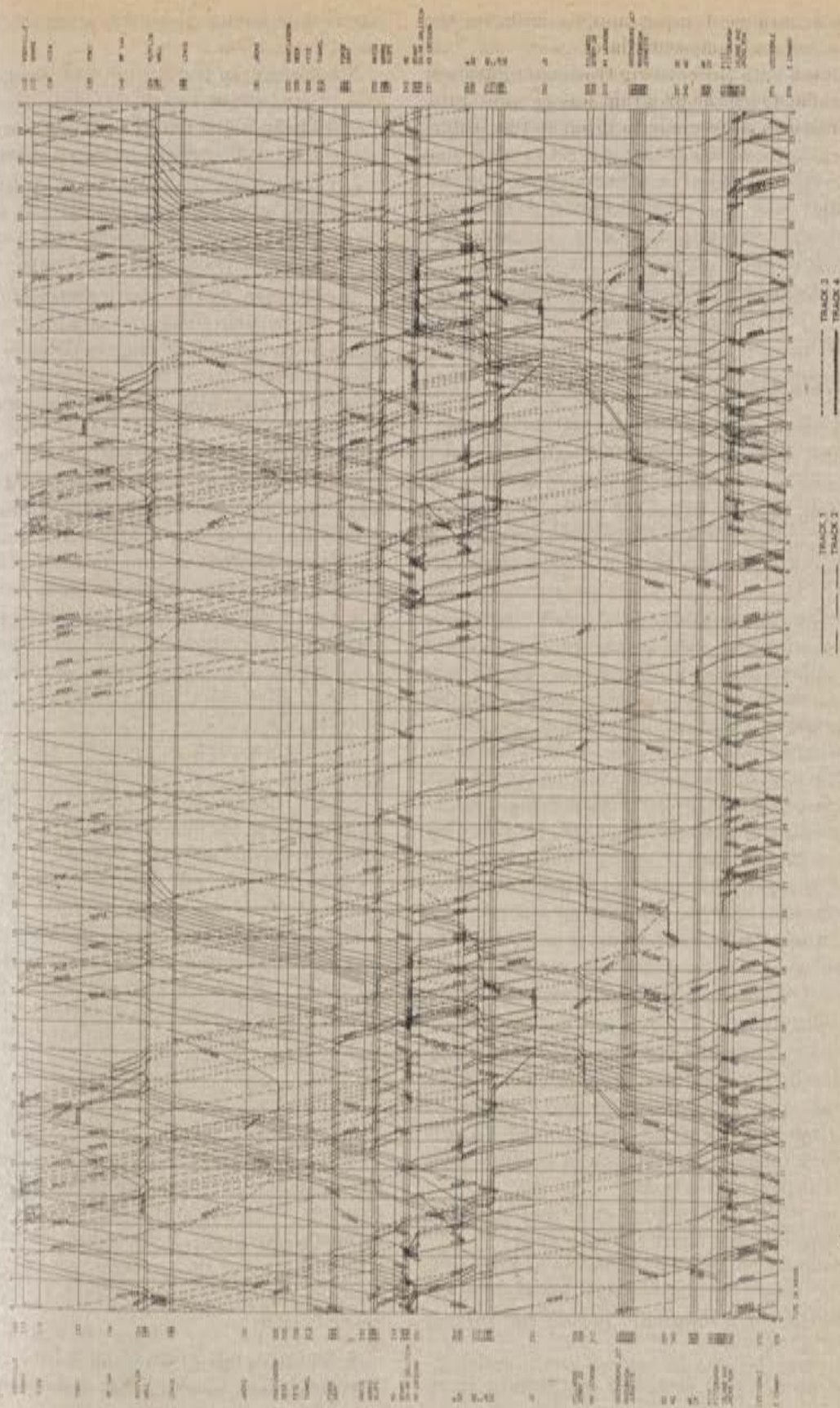
Parametric Findings.—Parametric analysis of line capacity under varying conditions produced track-capacity related conclusions including:

- Double track with reverse-running signaling has about five times the capacity of a typical single track CTC line.
- Installing a Centralized Traffic Control System (CTC) on a double-track line segment is helpful during maintenance and expedites the flow of high priority trains, but it does not materially improve overall capacity, as the delays to low priority trains offset the gain to high priority trains.
- Removing varying train priorities and establishing a uniform speed for all trains over a line increases its capacity by about 40 percent.

Yard Capacities

Yard capacity is recognized as a major operating constraint. To significantly improve the movement of loads and empties through the system, it is necessary to make the classifications necessary to permit trains to bypass intermediate yards. Providing the additional classifications desired to minimize rehandling of cars could require significant changes in the actual work done in individual yards. One of the basic functions of the Blocking study was to determine the best overall

FIGURE 3
TRAIN DISPATCHING MODEL FROM HARRISBURG TO CHICAGO



system classification plan through successive iterations with the computer simulation model.

Having developed a potential system classification plan, it was necessary to review the resulting workloads on each yard. Where the system classification plan would overload a yard, consideration was given to expanding capacity or else changing the classification plan. A series of Yard Studies was conducted to provide the data necessary to identify capacity constraints and to weigh the alternative solutions to capacity problems. In addition, the various yard studies gave an indication of the potential improvements in operating efficiencies available in each yard.

Classification Yard Studies

In addition to the class yard information gathered by the Economic Overview consultants and by USRA's Regional Managers and Operations Planning staff, the consulting firm of R. L. Hines Associates, Inc., was retained to furnish the following additional information and analyses on 23 of the most significant bankrupt classification yards:

- *Identification of existing constraints* including physical, equipment and manpower constraints (e.g., for physical constraints, number, length and capacity of class tracks, switching leads, running tracks, rip tracks, points of interference, etc.)
- *Definition of incremental expense changes associated with varying a yard's work requirements* (e.g., cost to add an additional crew, savings resulting from reducing yard switcher requirements by one unit, etc.)
- *Definition of capital investment requirements associated with adjusting the capacity of a yard* (e.g., addition of another classification group, lead or connection.)
- *Definition of Work Now Being Accomplished in a Yard* including:
 - Outbound and inbound movements (trains, transfers, interchange runs, locals and industrial drags including approximate timing and volume of each of these movements). Legible copies of a normal week's inbound and outbound consists were obtained as part of this task.
 - Activities of each yard crew and local (summarized using a Gantt chart for each crew).
 - Description of volume variations by day of week, month of year and hour of day for each yard; and selection of a "normal" period for further analysis.
- *Identification of Time Required to Perform Various Yard Work Elements* (assuming existing productivity and work rules) including the average time required to:
 - couple a track (fixed + variable/car)

- double one track to another (fixed + variable/car)
- set-over a track from the bowl to the departure yard (fixed + variable/car)
- hump a cut (fixed + variable/car including pull-back and average re-hump if required)
- inspect an inbound train (fixed + variable/car)
- move between various parts of a terminal and to make significant moves within a yard
- perform other significant yard activities

In addition to the above types of information, the field teams also prepared qualitative reports of the existing constraints facing each yard and the relative effectiveness with which each yard was being operated. The group also submitted recommendations for changes in each yard.

The information was gathered from each terminal through interviews with railroad personnel, analysis of available data and observations of key activities. The Hines team spent an average of 10 man-days of data gathering and observation in each of the terminals reviewed. Each team consisted of an operating consultant (with prior experience as a General Manager, or General Superintendent of a major railroad), an engineering consultant (with Railroad experience as a Chief Engineer) and an experienced railroad cost analyst.

The information gathered by the Hines group, combined with the data collected and observations made by USRA's Regional Managers and Manager of Yard Operations as well as Penn Central's Director of Yards and Terminals (assigned to work with USRA on a full time basis), was sufficient to evaluate whether the individual terminals could perform the work assigned under each operating plan and to estimate the cost and problems associated with expanding the capacity of a terminal if the work load assigned under an operating plan exceeded the terminal's present capacity.

Terminal effectiveness studies.—USRA's Regional Managers (supported by a full-time liaison representative from each Penn Central Region) have been analyzing local and industrial switching operations at 14 locations. The purpose of these studies has been to review the costs and revenues associated with the pickup and delivery (industrial and local) switching functions to estimate the profit contribution or loss for the traffic involved. Based on the findings in each case, several possible actions might be taken to improve the profit contribution:

- Improve efficiency of switching operations,
- Substitute truck pickup and delivery,
- Change rates, or rate structure,
- Ensure all legitimate charges are collected.

Yards selected for study represented a cross-section of the bankrupts' system in terms of location, size, na-

ture of business and switching complexity. The yards selected were:

Name of Yard	Location
Abrams	Norristown, Pa.
Barns Harbor	Porter, Ind.
Canton	Canton, Ohio
Edgemoor	Wilmington, Del.
Indianapolis Terminal	Indianapolis, Ind.
Kenmore	Buffalo, N.Y.
Midvale	Midvale, Pa.
Mingo Junction	Steubenville, Ohio
Motor	Bedford, Ohio
Oil City	Oil City, Pa.
Rochester	Rochester, N.Y.
Springfield	Springfield, N.Y.
Weirton	Weirton, W. Va.
West Albany	Albany, N.Y.

To determine the revenue generated by customers served from the yards listed above, Sales Department Records were reviewed, containing summaries of cars originating and terminating at each customer location and including the O/D routing which each of these cars followed. Demurrage records, accessorial charges, and summaries of other miscellaneous revenue records related to each customer were also reviewed.

To define the total cost of operating the yards in question, yard-specific operating costs were reviewed and general overhead allocated on a per-car basis to each of the yards in question. Per diem charges associated with each of the yards was obtained through Car Distribution Records. The costs of operating switching locomotives were obtained from the mechanical department. Man-counts of supervisors, clerical forces, T&E crews, maintenance of equipment and maintenance of way forces assigned to each yard were obtained from supervision at each terminal.

Terminal supervision as well as yardmasters provided a detailed explanation of the duties of each switch crew including the customers served and the approximate time needed to serve each of them. They also were able to breakout the approximate yard sorting time that should be allocated to each of the industrial customers, system switching requirements, interchange operations, etc. Terminal supervision was also able to provide a description of the number of locomotive units assigned to the yard and how each unit was used each day.

Division budget offices supplied the remaining information on payroll costs and arbitrations and any other relevant costs. Line-haul cost attributable to each of the industrial cars being studied was derived and allocated to these cars on the basis of line-haul cost formulas developed by USRA.

With the data described above for these sample yards, the general contribution to net railway operating income generated by each of the yards studied is being estimated and, within each of these yards, by each of their major customers. These findings will be correlated to determine whether any relationships can be de-

veloped to describe business that generally was unprofitable for the railroad. For the Final System Plan, findings from these preliminary studies will be extrapolated to estimate their system impacts and recommendations will be developed to correct deficiencies or weaknesses uncovered by these studies.

Equipment Utilization

As indicated in earlier portions of this plan, to survive as a private industry, railroads must significantly improve equipment utilization. USRA carried out two studies related to this objective.

Car utilization improvement and car ownership are the two major areas of freight car planning. Car utilization, defined as the number of car days on line per load originated, is determined by the carriers' traffic patterns, operating methods and car distribution strategy. Car ownership refers to the characteristics of the carrier's fleet (number of cars by type, grade, size and special appliances) and is determined by the new car acquisitions, car maintenance and shopping programs as well as retirements.

The importance of freight car planning is indicated by the size of the fleet, which included over 175,000 cars owned and leased at the beginning of 1974, and the high cost of new cars. At an average cost of \$22,000 per car in 1973, replacement of the bankrupts' car fleet would cost \$3.8 billion. In 1973, the bankrupts' total equipment costs were over \$300 million consisting of net car hire, car leases, shopping, depreciation and interest expense.

The first objective for the freight car planning study, which was conducted by Strong, Wishart & Associates, was to develop an approach to freight car control that would enable ConRail to improve car utilization substantially. To accomplish this, Penn Central, representing 90 percent of the bankrupt operations, was analyzed as follows:

- For each of eight car types (plain box, equipped box, gondolas, open top hoppers, covered hoppers, TOFC flats, multi-level flats, other flats, and all other cars), the utilization statistics were developed from car accounting and traffic records to show the empty and loaded car days on line per load originated.
- The policies of PC in the important areas of fleet sizing (maintaining the number of empties on line at the minimum level required to protect current loading rates) and car distribution (allocation of each car to a particular loading point or movement off line) were compared to practices on other railroads.
- The ability of the PC's computer system to control the movement of cars effectively was evaluated in relation to the capabilities of systems on other railroads.

- The effect of deteriorated plant on the time that cars spend in trains was evaluated.

For each of the above areas, an improvement potential was developed in car days per load. Recommendations were developed also for basic car distribution procedures, the organizational structure necessary to implement these procedures, and the necessary elements of computer-processing support.

To develop a freight car acquisition program and forecast freight car expense, a computer model called CONCAR was developed. This model used the following inputs:

- Temple, Baker & Sloane forecast of originated tonnages for 1976-85, by general commodity classifications.
- A matrix developed from PC traffic records to convert TBS forecast of originated tonnages to originated carloads by car type.
- A projected 1976 fleet developed from the 1973 fleets of the bankrupt railroads, adjusted by the acquisitions, retirements, bad order fall-outs and shopping programs between 1973 and 1976.
- Historical per diem rates by car type for system and foreign cars.
- A shopping program designed to restore to the serviceable car fleet the maximum number of repairable cars which are now bad ordered.
- A retirement program designed to achieve an average fleet age of 18 years.
- Historical measures of car utilization performance modified by estimated improvements in car utilization. On the basis of these inputs, the model calculated the following statistics for each year from 1976 to 1985:
 - Beginning serviceable and unserviceable car count by car type.
 - Loading capacity of system serviceable cars by car type, based on historical system turn time adjusted by estimated utilization improvements.
 - On line foreign car capacity to load by car type, based on the historical percentage of originated loads in foreign cars.
 - If total loading capacity (system and foreign) exceeds the forecasted demand, the use of foreign cars is reduced to the minimum level required to cover the demand.
 - If the total demand is greater than the system and foreign capacity to load, the model increases the system car fleet by acquiring enough new cars to cover the excess demand.

The model's outputs include an equipment acquisition program, total car costs, fleet composition and utilization statistics. Many runs of the model have been made to evaluate the fleet requirements and financial results of the options, different shopping programs, various lev-

els and timings of utilization improvement factors, the inclusion of EL in the ConRail system and the effects of such external factors as car service rules and incentive per diem.

Locomotive Utilization

Utilization of locomotives was studied to determine the required locomotive fleet, by types and quantities of locomotives, for each of the several alternate ConRail system configurations. Too few, or an improper mix of locomotives, would provide an unacceptable level of service. Too many locomotives, or locomotives of the wrong type, would unnecessarily increase investment base, carrying charges and maintenance expenses. Because the service life of a locomotive unit is relatively long and the unit investment is large, locomotive fleet structuring must be predicated on the traffic levels and mixes anticipated over a period of years and on a careful analysis of utilization.

Ninety percent of the locomotive fleet of the bankrupt railroads (excluding EL) is operated by Penn Central. On most Penn Central routes, eastbound tonnage usually exceeds westbound tonnage, which results in a motive power imbalance, and the deadheading of power from eastern terminals to western terminals. Locomotives are presently distributed in six regional pools as well as a system pool, the latter being controlled by Penn Central's "Blue Room" in Philadelphia.

A major problem encountered in this analysis has been locating accurate data. The problem was further complicated by the fact that ConRail locomotive requirements will be appreciably affected by plant rehabilitation and improvements in operating and maintenance procedures. These include upgrading of road and yard track, improving maintenance, elimination of certain branch lines and a new computerized operating data system allowing more centralized control of motive power. Identifying and measuring the quantity and timing of these modifications and improvements, and their translation into locomotive requirements, is crucial in determining future fleet size year by year.

The availability of cabooses has also been a major problem on Penn Central; therefore, throughout the analyses, caboose utilization was considered along with locomotives.

Several approaches were used in the determination of locomotive and caboose fleet requirements. One approach started with the existing operation and fleet and, based on a thorough analysis of anticipated changes in traffic levels and improved operating and maintenance procedures, estimated future changes in fleet requirements. To this end, visits were made to the "Blue Room," and to selected yards and locomotive facilities across the system.

The purposes of these visits were to study the methods of assigning and utilizing motive power, to esti-

mate the utilization of locomotive units based on visual inspection and sampling of records of locomotive activities and to elicit alternative approaches from experienced personnel. This effort culminated in the development of estimated changes to the present fleet for each factor affecting the fleet structure.

A second approach used was to compare the locomotive performance of each of the bankrupt lines with each other and with a number of other railroads to isolate and quantify areas of improvement. A computer model was constructed using the "factor analysis" technique. Ten factors, each having a bearing on a railroad's locomotive fleet size and composition, were considered (e.g., gross-ton-miles in slow order territories). Numerical coefficients were determined for each railroad for each of these factors; the coefficients were fed into the computer model and the relative importance of each factor was computed. Once these factor values were obtained, an anticipated decrease in slow orders, for example, could be immediately translated into a reduction in locomotive unit and caboose requirements. This model was run and the results compared with the "on the ground" approach discussed above, allowing a fine tuning of fleet requirements.

A third, longer range approach to the problem is the development of a computerized simulation of ConRail locomotive requirements. A simulation model is being developed which accepts train origins, destinations, times of origin and destination, and power requirements, as well as yard power requirements. The reassignment of power is considered as it is made available, in the manner in which it is presently handled.

Maintenance and servicing requirements also are handled in the model. After calibration to closely reflect the present operation, procedural and system changes are being reflected and the results of these changes obtained. Train Performance Calculator and Train Dispatching Model outputs are used as inputs to this process. Fleet requirement data from this modeling approach will be incorporated into the Final System Plan.

The number of locomotive units required each year were calculated using the several factors described above. Results of this analysis are shown in Chapter 6.

Administrative Studies

In addition to the studies directly related to operations—such as blocking, line capacity and yard studies—USRA conducted a number of studies of administrative procedures, including clerical forces, data processing, management information and other general and administrative functions. These findings were utilized in preparing financial projections.

Yard offices and agencies.—The 7 bankrupt railroads' labor force includes 6,700 yard office and agency clerks representing 8 percent of the total employment. To forecast the clerical force requirements of ConRail,

and to estimate labor protection payments, it was necessary to review present and future yard and agency procedures and to define the size of the present work force by job at each location. Combining this information with the forecasted workload by yard and agency location and the systems and procedures which will be implemented at each location, a forecast was prepared of ConRail's clerical force requirements.

The status of yard and agency information systems on the principal ConRail roads is as follows:

The *Penn Central* is currently implementing an information system called *TABS*, an acronym for Transportation and Billing System. The major objective of this system is to provide a common data base for car accounting, transportation, billing, revenue accounting, freight sales control, tracing, car distribution and statistics.

Home routes and record rights are to be implemented into the system in early 1975. This addition should be an aid to car utilization and per diem control. Repetitive waybill codes (RWC) are provided, and waybill profiles are stored in the computer files. RWC waybills report full waybill information with the exception of car initial and number, waybill date and number and rate and weight of commodity.

The movement of empty pool cars is monitored by *TABS*. Patrons will have access to information on the movement of their own pool cars and will have the capability of changing pool assignments. *TABS* will also ensure that waybill information has been reported for every loaded car moving on the railroad through a cross check between car movement and the waybill information file.

The final *TABS* installation date is scheduled for April 1975, for a total of 264 reporting locations. Of these locations, 80 percent are now operational.

The agency system on the *Penn Central* is called *FACT* (Freight Agency Coordination Terminal). The *Penn Central* has 12 open stations, located in East St. Louis, Chicago, Indianapolis, Detroit, Columbus, Cleveland, Buffalo, Pittsburgh, Boston, New York, Philadelphia and Baltimore. All other stations on the railroad are considered nonagency stations. Each *FACT* location is surrounded by supporting field terminal locations. The locations of these field terminals are based primarily on the originating and terminating locations of local freights.

Most field terminals operate on an 8-hour day, 5 days per week. At the close of business in field terminals, all calls received in that terminal are automatically transferred to the *FACT* Terminal, which is manned 7 days a week, 24 hours a day. This was one of the selling points used by the *Penn Central* before the state commissions in justifying the closing of stations.

FACT Terminals are being converted from unit record equipment to IBM 360/20 through which all

data will be transmitted to the central computer in Philadelphia for processing.

The *Erie Lackawanna* recently opened four regional billing offices located at Buffalo, Scranton, Youngstown and Hoboken. These four locations will do all of the billing and collection for their respective territories, under the responsibility of the accounting department. The agency or station, of which the EL has 144 manned locations, reports to the division superintendent. Each of these locations prepares waybilling and handles its own demurrage and switching accounts. The waybills are forwarded to the regional center for freight billing and collection. Demurrage and switching bills are prepared by the local agents.

The *Lehigh Valley* has a central freight agency in Bethlehem, Pa., which does the billing for all credit patrons. The agencies on the LV are in 2 divisions, the Eastern Division and the Buffalo Division, with 17 agencies in the East and 16 agencies in the Buffalo Division.

Most of the LV is set up with dualized agencies where each agent may control up to as many as five other stations, with a major freight agency in Newark which covers Bayonne, Newark, Jersey City and New York Terminal as well as handling the revenue billing for TOFC at Oak Island. The Stations Department is made up of 6 appointed agents, 24 union agents and 25 "group 1" clerks. Also under the Station Department are 31 block operators.

The *Reading* Stations Department covers both stations and train dispatchers. In the Philadelphia area, there is a central billing bureau which handles all outbound billing. All stations on the system, other than in Philadelphia, keep their own accounts and do their own billing.

Central of New Jersey has four freight service centers in Elizabethport, Bridgeton, Lakehurst and Wharton, N.J. There are 112 people in the Stations Department, including 73 agents and clerks. Each of the agencies is responsible for its own ancillary charges. The service centers collect all the revenue.

All outbound waybilling is memo, with a copy being sent to the freight service center where the revenue billing is prepared. The freight service center also matches all memo bills with revenue bills on inbound shipments.

The use of "stand-alone" yard and terminal minicomputer systems is being evaluated to determine when and where the installation of these minicomputer systems and major terminals would improve the financial performance of ConRail. This evaluation will consider both the cost reduction and operational improvement aspects of these systems, as well as intangible benefits, such as better customer service and a reduction in misrouting.

PC's Freight Agency Coordination Terminal

(FACT) will be evaluated as a candidate system for extension to all of ConRail. Some of the potential areas of improvement are: computerized FACT terminal procedures, improvement of messenger routes, decreased train delays, restructured organization to reduce excessive management personnel and relocation of billing clerks to reduce the number of cars moving on memo bills.

Yard office procedures are being studied to determine if the present methods or work rules are inefficient, leading to an excess of clerical personnel. Information gathered from yards will be used as a basis for this study.

Management Information System Planning

The management information systems of the bankrupt roads have been reviewed to establish which information areas are critical to management decisionmaking, to uncover deficiencies in those areas and to analyze the deficiencies to determine the improvements required if the systems are to meet future management needs.

Experience in constructing USRA's Traffic Data Base indicated serious data and information problems on the bankrupt roads. Although the situation may not be atypical of the railroad industry, significant, reliable information is, in many instances lacking on the bankrupts. Typically, data are plagued with errors, and considerable time and money was expended by USRA for data validation and error correction.

The information systems of some solvent carriers have been reviewed, but even the best-managed data systems emphasize current operations and fail to address information needs for long-term planning and decisionmaking. Critical management information is often collected, not with decisionmaking in mind, but only because of requirements of the ICC or other authority. Even the best railroad data systems still fail to integrate accounting data with car movement data in a way that provides a basis for determining real profit performance.

A factor which severely complicates the integration and upgrading of ConRail systems is the lack of compatibility between systems. The bankrupt roads have developed different data processing systems that perform essentially the same functions. Differences among systems can be attributed to dissimilarities in carrier size, data processing budget, management priorities, sophistication and competitive posture. Disparity does not necessarily diminish the value of any individual road's system, but in the case of ConRail, the wide variance between constituent systems implies formidable integration difficulties.

In summary, the ConRail road systems are not providing management with the information essential for effective decisionmaking. Furthermore, the systems suffer from lack of standardization. ConRail's information

system development must overcome both of these deficiencies. On the basis of the Penn Central merger experience, this will require advanced planning and coordination to minimize cut-over problems.

A task force has been established to review management information systems proposals. The task force includes expert representatives from USRA, FRA and AAR.

Administrative Organization

The administrative and management structure will serve as the framework within which ConRail's decisions must be carried out. Penn Central alone has approximately 6,300 nonagreement employees, most of whom hold some administrative responsibility. Thus, establishment of ConRail may offer important opportunities for improvements in administrative cost as well as efficiency through a merger of the administrative organization.

The top management organization is being analyzed for the Final System Plan in a separate study by McKinsey & Co. In its broadest sense, the administrative study conducted by USRA staff deals with the present utilization of manpower by the seven bankrupt carriers compared to the ultimate requirements for and utilization of manpower under ConRail. Therefore, the total labor force, both agreement and nonagreement positions, was reviewed. Projected manpower requirements developed for the organization structure were based initially upon the single ConRail option. As the selection process continued, the administrative aspects of other options which seemed promising were considered.

The objective of the study was to develop an organization structure through which ConRail can be managed effectively and efficiently. A second and more immediate objective was to estimate for the Preliminary System Plan the total manpower requirements for the ConRail system through the year 1985, and on the basis of these data, to project general and administrative costs for these years.

The first phase of the study was collection of information about the organization structure and departmental

functions of the bankrupt carriers. The specific information acquired included corporate and departmental organization charts, employee salaries, summaries of the numbers of agreement positions and their locations and, where appropriate, statistics concerning the volumes of work being handled by the various functions. Where possible, volumes were related to appropriate workload indices to be used in determining the size of effort anticipated for ConRail.

The bulk of the information-gathering effort was handled through direct contact with officers supervising the respective departments. These interviews supplemented the statistical data obtained, providing explanations of departmental functions and the ideas of those interviewed as to the potential impact of consolidation upon each department.

The intention was to develop as complete knowledge as possible of the activities in all departments to facilitate a logical integration of the functions of the six carriers. An effort was made to identify areas offering potential for reduced costs through such measures as consolidation of activities, elimination of duplication, improved methods and realization of economies of scale.

At the same time, the processes through which management decisions are reached were examined. Since effectiveness of the management process in translating corporate goals into results will be critical to ConRail's future, it was necessary to emphasize those processes which serve the ultimate goals while replacing or supplementing those which are inadequate.

As individual departments in each bankrupt company were being reviewed, special emphasis was placed upon those functions whose performance would have the most direct impact upon ConRail's performance. It should be noted that, although minimization of cost is one goal of the administrative study, it may not always be compatible with sound decisionmaking processes. In such cases, improvement of the processes may require the addition or upgrading of personnel, with correspondingly higher costs.

The Administrative Study supplied basic information for Manpower Planning, Operations Planning, Marketing and Financial Planning.

International Services

APPENDIX F

Intermodal Services

Intermodal services play an important and expanding role for the railroads in the Region and provide a means by which these companies can meet the high competitive service levels provided by motor carriers. Some fundamental changes in marketing and operating strategies will be essential, however, if these services are to contribute to the long-term viability of ConRail.

The objectives of USRA intermodal planning studies include:

- Development of long-term intermodal strategies,
- Identification of future potential markets,
- Development of an intermodal operations plan, including assets to be acquired by ConRail, routes to be used and service schedules,
- Preparation of a long-term capital budget and
- Development of guidelines for organizational structure and management-control systems.

This section summarizes the principal findings and conclusions of these studies, with emphasis on merchandise (e.g., piggyback) intermodal services and recommendations for the Preliminary System Plan.

Intermodal services of the bankrupt railroads include piggyback service (Trailer-on-Flat-Car and Container-on-Flat-Car, or TOFC/COFC) for merchandise freight, including express traffic, as well as coordinated rail-truck distribution services for bulk commodities, construction materials and automobiles.

Railroad intermodal services evolved slowly, as an outgrowth of earlier programs developed to restructure

unprofitable, less-than-carload (LCL) freight services. Containerized LCL services first were offered by a few railroads in the 1920's, but were extremely limited in their application. Coordinated rail-highway piggyback services were established in the East in the 1930's by the former New Haven Railroad, which handled motor carrier trailers between Boston and New York.

Piggyback traffic grew rapidly after 1953, when the Interstate Commerce Commission (ICC) officially sanctioned such programs in the "New Haven" case, in which it decided that railroads could haul motor carrier trailers without holding a motor carrier certificate for the line-haul movement between rail terminals.

Volume grew from 891,000 carloads in 1964 to over 1.5 million carloads in 1973, an annual rate of approximately 6 percent per year. The service expanded from its original LCL role to include a variety of plans for shippers, motor carriers and freight forwarders.

The railroads recognized the need for this broader role during the later 1950's to meet increased motor carrier competition resulting from the construction of new toll roads and interstate highways. The Reading Company and the former New Haven, Pennsylvania and New York Central railroads used their subsidiary motor carriers (operating rights which had generally been obtained prior to the passage of the Motor Carrier Act of 1935 and held under the historical "grandfather" clause) to develop coordinated rail-truck programs for LCL freight and branch line substituted service, as well

as the other broader TOFC plans. The Erie Lackawanna, Lehigh Valley and Central of New Jersey obtained motor carrier substitute service authority, but used contract truckers for pickup and delivery services.

Spearheaded by the Pennsylvania Railroad, the Trailer Train Company was organized in 1955 to form a national pool of TOFC flat cars. Trailer Train, today the nation's largest private car owner, is owned by 32 railroads and one freight forwarder (among the owners are the Penn Central, Reading and Erie Lackawanna). This national pool provided a fleet of standardized cars that provided the impetus for the rapid growth of TOFC.

The advent of containerized shipping in the late 1960's resulted in the development of rail-water intermodal services (Container-on-Flat-Car, or COFC), further broadening the potential market for the Region's railroads.

Nature of Present Services

In 1973, five potential ConRail railroads offering piggyback service² accounted for 35 percent of total U.S. TOFC/COFC carloads and 63 percent of the TOFC/COFC tonnage originated and terminated in the Region. The 5 roads operate a total of 77 TOFC/COFC terminals, linking all the major market areas in the Region. Traffic to and from the South and West is interchanged with other carriers at key gateway cities, including Chicago, St. Louis, Cincinnati and Alexandria, Va.

There are also approximately 65 bulk commodity and automobile distribution terminals served by the 5 roads in the Region, in addition to many other privately owned and operated intermodal distribution facilities.

Traffic flows are concentrated between major "end point" markets or gateway interchanges. Nine cities (each originating or terminating more than 100 loaded trailers/containers per day) account for over 70 percent of total potential ConRail traffic. Most of the remaining traffic consists of smaller (often imbalanced) flows to and from low-volume terminals.

The preponderance of ConRail piggyback traffic is handled by more than 50 dedicated trains operating over 5,800 route miles. The remaining traffic, moving in smaller blocks that do not justify dedicated trains, moves in conventional freight trains which require switching and handling in classification yards and incur added delays in transit.

A significant portion of total ConRail TOFC/COFC traffic (about 80 percent) consists of "wholesale" terminal-to-terminal traffic (Plan I, II½ and III piggyback) in which the customer or an agent is responsible for the "retail" collection and delivery service. Since late 1972 much of this traffic has been handled under

so-called "trainload" or multiple trailer discount rates, in which various "third parties" aggregate the required minimum volumes, purchase line-haul transportation from the railroads and then "retail" single-trailer services. Rail door-to-door service (Plan II piggyback), consequently has declined in relative importance.

The development of the "land bridge" and "mini-bridge" concepts, under which containership operators substitute rail line-haul for a portion of the ocean movement for import-export traffic, is responsible in part for evolution of the trainload and multiple-trailer discount rate structure. Entire trainloads of containers are moved by Penn Central, the Lehigh Valley and Erie Lackawanna to and from East Coast ports.

Approximately 10 percent of intermodal traffic consists of U.S. Mail, handled in dedicated mail trains primarily by Penn Central under contract to the Postal Service. Of the planned nationwide network of 21 bulk mail centers, 9 will be located within the Region and will offer a significantly increased potential market for ConRail.

Issues and Problems

Rapid growth of TOFC/COFC service has resulted in a number of problems and basic policy issues which must be addressed by ConRail if the intermodal concept is to lead to profitable growth.

Over-expansion.—In an attempt to increase market share significantly while facing declining profitability, considerable intermodal over-capacity has resulted in substantial intramodal competition among the Eastern railroads for a limited traffic base. The economics of efficient intermodal service are such that rail service must be limited to moving large blocks of traffic between major "load centers" while a highway gathering service is used to aggregate these blocks into trainload volumes at modern and efficient intermodal transfer terminals.

A strategy by individual railroads to blanket the Region with duplicating terminals and line-haul services to enlarge each railroad's revenue base has resulted in significant overcapacity, and low market share.

High operating costs.—The development of many smaller terminals, unable to take advantage of potential scale economies (often served by mixed freight trains), has resulted in high operating costs. This strategy has resulted in a fragmentation of intercity flows, with much imbalance and empty equipment mileage, as well as considerable unproductive time while equipment is held at terminals for prospective loading. The need to provide high customer service levels for these smaller flows has required the operation of many shorter TOFC/COFC trains, with their attendant higher costs.

Inadequate revenues.—The trend to terminal-to-terminal service and volume discount rates had a serious impact on TOFC/COFC profitability in 1973. The combined effect of "third parties," who perform services

² Penn Central, Erie Lackawanna, Reading, Lehigh Valley and Central of New Jersey.

traditionally performed by the railroads, and discount rates has eroded profit margins to the extent that revenues barely cover variable expense and fall short of full economic costs which provide a "survival" return on investment and allow for replacement of capital assets.

Service has deteriorated due to unreliable freight train performance (caused by the poor condition of the physical plant) as well as terminal congestion and delay (caused by inefficient, outmoded terminal facilities). This low service level has had the effect of imposing an artificially low ceiling on rates, above which customers divert their freight to trucks. In fact, it appears that much time-sensitive freight already has been diverted by shippers.²

Inadequate profit margins.—The resulting margin between revenues and expenses has not generated a cash flow sufficient to permit modernizing and replacing the rolling stock and terminal facilities essential to an expanded intermodal function. Penn Central, for example, has estimated that TOFC/COFC services generated a contribution above variable costs in 1973 of approximately \$4.5 million on gross revenues of \$170.4 million. However, an estimate of fully allocated Penn Central costs, on an ICC accounting basis, indicates that a deficit of \$30 million was incurred. If current replacement costs and a realistic return on investment are included in the calculation, the loss could be twice that amount.

Management systems and controls.—Strategies which have emphasized volume growth without the proper systems for monitoring profits have contributed to current profitability problems. With a higher proportion of TOFC/COFC costs being variable with volume (compared to conventional carload service), it is essential that a real-time management control and profit monitoring system be in place to guide day-to-day decisionmaking.

Lack of profitability reports by terminal, traffic lane and market segment and the absence of timely operating data and statistics lead to uncoordinated and ineffective decisionmaking. Detailed operating budgets, combined with responsibility for revenues at the terminal level, are a key ingredient to effective operating management.

This is particularly acute in the equipment area. Unless local managers are held accountable for all direct costs, including imbalanced and empty equipment moves, operating costs can get out of hand. The quality of management information and controls of the Penn Central is better than that found on most railroads. The Penn Central Intermodal Department has its own operating information system which reports flows by

traffic lane and develops limited statistics on loaded and empty moves. Much remains to be done, however, to improve both the timeliness of data and its use at the decisionmaking level.

Service coordination.—Attainment of the full potential of intermodal services is dependent on increased coordination and cooperation with connecting railroads serving other Regions, and with the local highway gathering services.

One third of the potential intermodal market consists of traffic flows to and from points outside the Region. Artificial barriers at major gateway cities, resulting from tariff practices as well as operational considerations, have discouraged interregional trains and services. An interregional intermodal network can be developed to foster such services bypassing congested rail terminal areas and eliminating costly "street" interchanges.

Such a network would provide the railroads with an effective means for competing for the interregional traffic with long-haul motor carriers not constrained by historical railroad gateways. The National Intermodal Network Study being conducted for the Federal Railroad Administration has concluded that effective interregional services would be instrumental in improving the rail intermodal market share.

An effective highway "retail" organization is essential to provide a true wide-area ConRail intermodal capability. It is undoubtedly important to develop, through improved services, increased profits from existing and potential "retail" markets (forwarders, shipper associations, the Postal Service, express companies, motor carriers, etc.). At the same time, however, the rail motor carrier subsidiary should play a broader role in providing ConRail customers with an alternative retail capability, as well as continuing to provide the traditional substituted-service to points from which rail service is reduced or withdrawn.

The future role of the motor-carrier subsidiaries of the ConRail railroads has not been clearly defined. Pennsylvania Truck Lines, for example, functions primarily as an intermodal terminal contractor and equipment leasing organization and performs highway pick-up and delivery and substituted service for the parent company. A small amount of revenue (approximately 12 percent of PTL 1973 revenues) is generated by non-rail operations. Reading Transportation Company performs some TOFC pick-up and delivery work and operates a few Reading TOFC terminals, but 90 percent of RTC revenues are generated from truck-billed freight.

Opportunities for Future Services

New markets.—The ConRail railroads serve all major freight generating centers in the Region today. Future growth will occur through increased share of existing

²The Penn Central experimented with several short-haul TOFC/COFC services in key corridors, including New York-Boston, New York-Rutland and Chicago-Detroit. However, due to the need for consistently high service levels and the higher costs of short-haul service, Penn Central discontinued these services in 1973, due to continuing operating deficits.

markets, rather than geographic expansion into new markets. However, new terminal facilities, located near concentrations of demand, will improve access to intermodal services for these existing markets.

For example, the movement of industry to suburban locations such as Long Island, Middle New Jersey and the western suburbs of Chicago, has created high trucking costs for those shippers who have located in areas away from existing intermodal terminals. New terminals in these and other growth areas will facilitate the generation of new traffic.

The basic ConRail intermodal route structure and related services may be compared to those of regular route, general commodity motor carriers who operate scheduled services between fixed terminals at published rates. There will be a number of opportunities for additional specialized services for volume shipments to and from shipper terminals or other facilities such as marine terminals or postal facilities. These movements would be essentially contract services, handled apart from the regularly scheduled network service and priced to reflect their unique service characteristics.

The development of less-than-truckload (LTL) and partial truckload (PTL) services, using subsidiary motor carriers and other retailers to provide an areawide gathering service, will create a major new market for ConRail. Increased small-shipment traffic and the new traffic resulting from the Postal Service's new Bulk Mail System will complement the traditional directional imbalances characteristic of present day rail traffic.

Containerized export-import freight traffic can be expected to increase in the Region, since ConRail serves all major North Atlantic ports. Rail services substituted for coastal or intercoastal water movement, however, are subject to a lower rate ceiling than truck competitive services. Therefore, only traffic that moves in large blocks or train loads with minimal terminal handling that can be handled profitably should be solicited by ConRail.

Existing markets.—A detailed study of intermodal traffic flows and profit contribution for the ConRail railroads (not including Erie Lackawanna) indicated that approximately 32 percent of total loads (representing 17 percent of revenues) did not generate "survival" profits in 1973. The combination of high costs and inadequate revenues does not generate sufficient cash flow to replace capital assets or to increase capacity at today's high replacement costs and interest rates.

Some of this traffic can be handled more economically by truck. In smaller markets that do not generate sufficient volumes of TOFC/COFC freight to support more than one carrier efficiently, traffic should be concentrated on one carrier. The remaining unprofitable traffic could be made profitable by a combination of cost reductions, selective rate increases and improved interline divisions. It is estimated that revenues would have

to be increased by approximately 15 percent over present levels to attain "survival" levels of profitability if all present traffic were to be retained.

Selective rate increases on unprofitable flows would have the effect of diverting some of this traffic to other carriers. The alternative to a profit improvement program of this type would be a drastic cutback in services to a profitable core volume. Regardless of the strategy adopted by ConRail management, projections of future market potential must allow for the possible loss of much of the present marginal traffic.

Projection of 1980 and 1985 intermodal traffic levels were made under two alternative assumptions. A base level projection (that used in the ConRail pro forma income projections) assumes continuation of present market shares with growth related to the regional economy.³

The base level forecast indicated an increase in ConRail intermodal traffic of 30 percent between 1973 and 1980 (allowing for the elimination of approximately 15 percent of current traffic, due to its unprofitable nature), and a further increase of 36 percent between 1980 and 1985.

A high level projection of the ConRail intermodal market potential was developed for USRA⁴ based on preliminary findings of a nationwide intermodal marketing study being completed for the Federal Railroad Administration (FRA). These projections, allowing for pruning of marginal traffic and selective marketing, indicate that ConRail intermodal traffic could increase by approximately 18 percent between 1973 and 1980 (a compound rate of growth of 2.5 percent) with a further increase of 145 percent between 1980 and 1985 (a compound rate of growth of 19 percent per year), as shown below:

Projected ConRail intermodal traffic

Year	Average daily loads	Average increase over 1973 (percent)
1973	2,580	
1980	3,048	18.1
1985	7,471	184.4

Depending on ConRail's intermodal policies and marketing strategies, intermodal service has two widely-varying levels of potential. Under the base level projection, 1985 revenues would amount to approximately \$365 million. Using the high level forecast, revenues would be approximately \$510 million.

A significantly increased intermodal market share is dependent on a number of interrelated factors, which clearly will involve a long lead time to implement. An efficient, upgraded physical plant is required to provide

³ Temple, Barker & Sloane, *op. cit.*

⁴ Reebie Associates, *ConRail Bi-Modal and Inter-Modal Operations*, Greenwich, Connecticut; USRA Contract No. 50034.

truck competitive line-haul service; interregional coordinated services must be established with other railroads; an expanded highway "retail" division is essential to entry into new markets; equipment fleets and terminal facilities must be modernized and expanded.

The preliminary results of the Federal Railroad Administration's Intermodal Network Study indicate that ConRail, due to the heavily industrialized Region which it serves, would be a key element of a nationwide intermodal network. The opportunities for an increased rail share of the "containerizable" freight market are substantial. The TOFC share of the "containerizable" market was 3.7 percent in 1971; this could increase to 11.5 percent by 1980.

Table 1 displays the projected nationwide "containerizable" freight market for 1980 and shows the portion of the total rail and highway potential that is economically suited for an intermodal network and the traffic which can be scheduled in economic, dedicated trains.

Of the total daily "schedulable" volume of 23,663 40-ft. equivalent units, almost two-thirds of the total consists of traffic diverted from existing rail services; the balance consists of traffic diverted from for-hire and private motor carriers. Approximately half the network potential (11,998 units) is freight now handled in conventional rail carload service. This traffic represents approximately 12 percent of "containerizable" rail freight, but only about 4 percent of all rail freight traffic.

It is noteworthy that projections of the potential, scheduled TOFC market for 1980 exclude approximately half of the TOFC traffic the railroads would otherwise be expected to handle. Much of this traffic would be diverted to highways, or to rail boxcar service, because of factors such as balance, operating costs or service requirements. Thus, a broadly expanded intermodal traffic base must consider the relative role of piggyback vs. carload service and the development of a marketing strategy consistent with ConRail's carload marketing strategy.

TABLE 1.—Average daily U.S. container market, 1980

Potential diversion from	Total containerizable units	"Economic" TOFC potential	"Schedulable" TOFC	Percent of total "schedulable"
				Percent
Common carrier highway	67,611	12,377	5,722	24.2
Private highway	33,348	6,105	2,481	10.5
Highway subtotal	100,959	18,482	8,203	34.7
TOFC				
Carload	7,130	5,086	3,462	14.6
	97,477	43,566	11,998	50.7
Rail subtotal	104,597	49,492	15,460	65.3
Total	205,556	67,975	23,663	100.0

Note: Includes only traffic with length of haul over 200 miles, 2 or more loads per day, per traffic lane, "prime" and "suitable" containerizable traffic, 280 workdays per year.

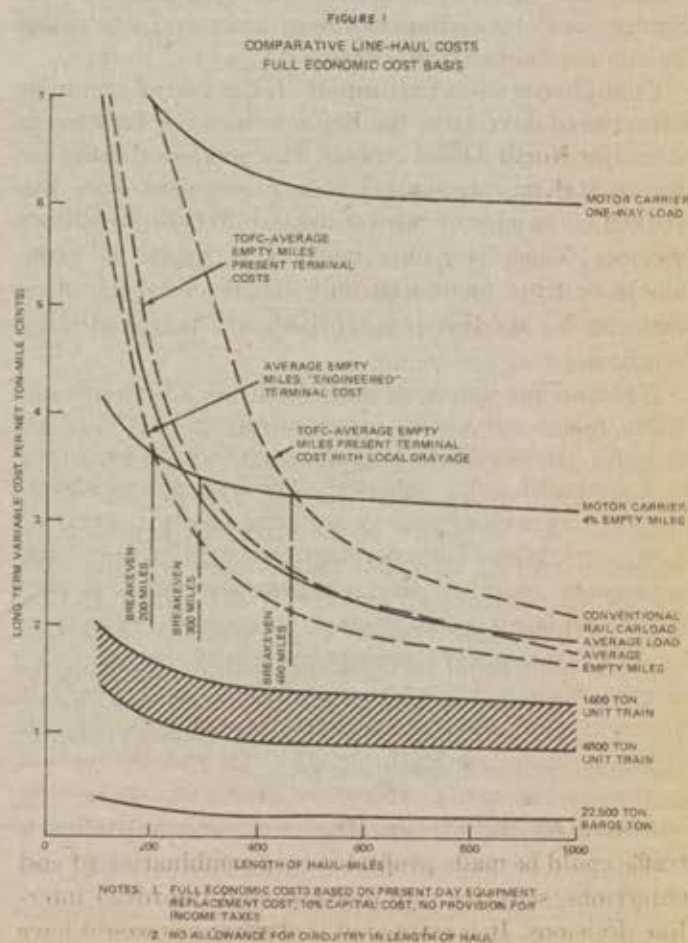
Source: Reebie Associates, *op. cit.*

The Economics of Intermodal Competition

The greatly expanded market share for intermodal services includes the diversion of approximately 4 percent of present carload freight traffic to intermodal service, but only in situations where empty mileage is held to 5 percent of the total or less. The balance of this growth is attributed to capturing much of the projected increase in intercity highway freight.

Figure 1 compares the relative economics of TOFC and rail carload service, highway carriers, rail unit trains and barge transportation. These costs represent "engineered" full economic cost, rather than historical average costs. The figure portrays the comparative line-haul unit costs of various specific service configurations for truck and rail carriers.

The long term variable cost per ton mile is charted against the length of haul for barge operations, highway carriers under various load assumptions, and three forms of rail service: conventional carload service; trailers on rail flatcars (TOFC or piggyback); and rail unit trains. The costs presented represent full economic costs, incorporating estimates of costs based on current replacement costs and interest rates. They are estimates of true long-run costs, appropriate for investment planning.



The extremes are very low-cost barge service⁵ and very expensive trucking where loads are assumed to be in one direction only. Comparing the various rail costs, rail unit trains have lower costs than conventional rail service, when the required volumes are available to realize these lower costs. Conventional carload service is in the mid range of the rail costs examined, except that unit costs rise sharply for short haul shipments.

Piggyback is generally higher in cost than carload service, under conditions of average empty return ratios and incorporating present piggyback terminal and drayage costs. Piggyback service can be cost competitive with boxcars when the rail terminal switching cost is high or when rail line-haul service is high in cost because of low volumes or short distances, such as on rural or urban branch lines.

Piggyback service can be cost competitive with trucks on a point-to-point basis for hauls of 300 miles or more, assuming average ratios of loaded to empty returns. However, if the local drayage cost to and from the motor carrier terminal or shipper dock is added to piggyback service to develop total door-to-door costs, piggyback competitiveness is lessened and the break-even length of haul between truck and piggyback is considerably larger. For example, if local drayage expense is \$60 per loaded trailer, the break-even between motor carrier (with 4 percent empty mileage, representative of efficient intercity carriers) and piggyback service (with present ConRail terminal costs and utilization levels) is extended to 460 miles.

If highway costs predicated on the use of nonunion owner-operators (who generally price their services on a marginal cost basis) is used, the breakeven point between highway and piggyback is extended even further. The impact of high line-haul and terminal costs for piggyback is to exclude the railroads as viable competitors in the intermediate distance markets, where most of the shipments comprising the potential intermodal markets are found.

The average length of haul for Class I intercity motor common carriers in the Central Region was 281 miles in 1972⁶ and the average length of haul for LTL freight alone is somewhat longer. The Regular Common Carrier Conference of the American Trucking Association (ATA) estimates that shipments under 1,000 lbs. in weight move an average of 574 miles.⁷ If ConRail is to increase market share, provide truck-competitive intermodal services and achieve the projected increase in volume, it is clear that an efficient, lower-cost operating system is essential to serve profitably the intermediate-distance markets.

A key set of cost factors is the legal limitations on truck sizes and weights. Size and weight limitations constrain truck operations and tend to impose unit operating costs which might otherwise be lower.

Truck weight limits were recently increased somewhat (from 73,280 pounds to 80,000 pounds Gross Combination Weight on Interstate Highways). If use of double-bottom (or even triple-bottom) units were to become legal in those states within the Region that presently do not allow, or restrict, such units, trucking costs would be reduced somewhat, and perhaps even be lower than rail.

An Intermodal Operating Plan

An operating plan was developed for ConRail I (Penn Central, Reading, Lehigh Valley and Central of New Jersey), using 1973 as the base year. A major planning study was performed under contract to USRA⁸ to assist in the evaluation of present operations and to furnish planning guidelines and strategies for the Preliminary System Plan.

This study included field inspection of all major terminal facilities, a shipper attitude survey, collection and evaluation of financial and statistical data furnished by the respective railroads, modification and application of forecast data developed by the FRA intermodal network study and the coordination of the resulting intermodal traffic flows with those of conventional rail traffic prepared by USRA.

Traffic flows between terminals and regions, developed from special study data furnished by the carriers, was analyzed, and traffic blocks moving between points suitable for handling by dedicated TOFC/COFC trains were identified. These blocks of traffic then were aggregated into trains and routed over major traffic corridors.

Schedules for these trains were developed in accordance with present as well as projected operating conditions, consistent with market demands. Thus, late evening departures and early morning arrivals were prescribed for all key markets. In general, the nature of the competitive market in the Region requires consistent second-morning delivery.

Trains must be faster than average tonnage trains, but they do not require high operating speeds. A block-to-block average speed of 45 m.p.h. is generally sufficient between key ConRail markets. Reliability of delivery must be at least 85 percent, in order to compete for highway freight traffic.

The resulting train and consist data then were furnished to Stanford Research Institute for input to a USRA routing and line-loading computer model. This resulted in the generation of relevant operating statistics for inclusion in system pro forma income statements and facilitated evaluation of line capacity.

⁵ See Appendix B for a discussion of waterway costs not borne by barge carriers.

⁶ American Trucking Association, *American Trucking Trends*, 1974, Washington, D.C.

⁷ Regular Common Carrier Conference, *1969 Costs and Revenues and Small Shipments*, Washington, D.C., December 1971.

⁸ Reebie, et al., *op. cit.*

Terminal evaluation.—Terminal volumes resulting from the traffic simulations subsequently were related to existing facilities and their capacities to determine the number of facilities required (and any required modification or expansion) for an efficient level of operation, consistent with the need to maintain accessibility to customers.

Productivity standards then were used to project the number of terminal personnel and transfer equipment required. Modifications or expansion of facilities required to handle projected traffic levels were identified, and estimates of required capital investment prepared.

Profitability analysis.—Profitability of traffic was analyzed on a "traffic-lane" (origin-destination) basis using computerized standard costs and average point-to-point revenues. Marginal or unprofitable flows or terminals were identified, and were deleted from the revenue base and the revised system profitability was determined.

A total of 32 percent of system revenue loads (representing 18 percent of revenues) was found to incur variable costs exceeding revenue by approximately \$72 per trailer (or 25 percent more than the system average revenue per load). These unprofitable flows represented approximately 23 percent of the possible city-pair combinations; each flow averaged about 3.2 trailers per day.

Such relatively small flows are insufficient to realize the true economies of intermodal transportation. Combining or consolidating terminals and trucking traffic to the remaining terminals to consolidate flows and generate large blocks is one means of continuing service to shippers of this traffic. As stated earlier, certain traffic flows are inherently imbalanced and incur high operating costs. Unless rates are adjusted to reflect true costs to these shippers, the result is a cross-subsidization by shippers of profitable freight.

In all circumstances in which terminals would be closed, alternative service from other railroads or other ConRail terminals is generally available within a few miles of the former facility.

Results of the analysis.—Concentrating flows over major intercity routes, consolidating terminal facilities and coordinating train operations of the ConRail railroads results in a significant reduction in operating costs, with a probable improvement in customer service levels.

- Route miles served by dedicated trains are reduced to approximately 3,300 or a reduction of 29 percent.
- Train miles are reduced by approximately 30 percent from Penn Central 1973 levels and train size is increased somewhat.
- Locomotive unit miles are reduced approximately 35 percent from Penn Central 1973 levels, and

*Car miles are not reduced in proportion to train miles, since it is assumed that much of the inter-line traffic now originated or terminated by the Lehigh Valley, Central of New Jersey and Reading will be routed via ConRail for the long-haul.

- Car miles are reduced approximately 10 percent from Penn Central 1973 levels.²

A core system serving approximately 22 market areas will result in a viable ConRail intermodal system. A total of 30 intermodal terminal facilities have been identified for closing or consolidation. A number of other facilities are possible candidates for further consolidation. Some of these facilities were closed or consolidated by Penn Central during 1974, and the related train services reduced. These changes are consistent with the plan developed by USRA.

Opportunities for increased direct rail interchange with other carriers that would reduce the workload on key gateway terminals, such as Cincinnati, Chicago and St. Louis, are being explored by Penn Central. Possible joint terminal operations or coordinated interline services (to points not served directly by ConRail), which have not been explored in detail, would result in further operating costs and the generation of new revenues.

Improved use of equipment, especially trailers, will result from streamlined and coordinated intermodal operations. It is estimated that the 1973 trailer fleet of 13,200 units¹⁰ could be reduced by 25 to 30 percent; several hundred surplus Flexi-Van flatcars would also be retired.

Terminal improvements.—Terminal facilities remaining in the ConRail system will have to be upgraded and expanded to accommodate traffic resulting from terminal consolidations as well as projected growth.

It has been estimated that ConRail will have to invest more than \$100 million in intermodal terminal facilities in order to accommodate projected demand by 1985. Many facilities were constructed without the benefit of a long-range plan and are inefficient and costly to operate. Excessive congestion and delays to shipper trailers caused by inadequate facilities are not only costly; often they discourage shippers from using intermodal services.

A major new block-transfer terminal is proposed for Crestline, Ohio, at the point where the former New York Central line to St. Louis crosses the former Pennsylvania Railroad mainline from Pittsburgh to Chicago. Located at the center of the ConRail system, where major east-west traffic flows cross and converge, this facility will simplify the handling of smaller traffic flows that cannot justify direct train service but still represent profitable business for ConRail.

Trains from Boston and New York-Philadelphia to Chicago and St. Louis will exchange blocks at this point, reducing delays presently incurred by enroute switching. The proposed location has considerable low-cost land available for expansion and is a strategic site for support services such as trailer maintenance and

¹⁰ Combined ownership and leased equipment of Penn Central, Reading, Lehigh Valley and CNJ.

repair, empty equipment pools and eventual freight consolidation and break-bulk.

Train service to points such as Detroit, Columbus and Cincinnati would be provided from Crestline. Inter-regional run-through trains would be assembled and blocked at Crestline, eliminating present costly highway interchange at gateway cities. The implementation of this major system yard is conditioned upon maintaining schedules, since trains must converge at about the same time of day to exchange blocks. Thus, upgraded and well-maintained intercity routes are essential to the plan.

No additional new facilities are required to handle projected 1980 traffic volumes, but several outmoded terminals must be modernized or replaced. To accommodate the projected 1985 traffic, however, a major expansion of intermodal terminal capacity must be anticipated. It is essential that planning for these facilities be in progress now, particularly in view of the acute shortage of strategically located land.

New concepts in rolling stock and terminal support systems should be evaluated jointly with other railroads and suppliers, to identify further operating improvements in intermodal operation. For example, the trend to higher maximum truck weights will result in increased use of 45-foot trailers. In 1972, more than 30 percent of all new highway trailers were 45 feet or more in length. Present TOFC/COFC flatcars cannot handle two 45-foot trailers on the same car.

Increased use of highway doubles (principally tandem 27-foot trailers) results in greater cube per highway unit. This is important to highway motor carriers because of the trend to lighter-density LTL freight and the opportunity to avoid excessive dock handling. New TOFC/COFC cars must be capable of carrying these shorter units if the railroads wish to attract an increased amount of motor carrier LTL freight.

Trailer Train (which owned 35,409 intermodal cars as of December 31, 1973) is actively working on the development of new concepts in rolling stock to handle a combination of trailer sizes, including 27- and 45-foot trailers.

An alternative to long piggyback cars would be the use of single-trailer flatcars or integral trains of shorter cars. Single-trailer cars would eliminate the problems associated with "marrying" trailers (i.e., placing two trailers having a common destination on one flatcar)

and also would facilitate the implementation of single-trailer rates.

Access to eastern cities with restrictive overhead clearance (such as New York City) will require either the development of low-deck flatcars or the elimination of clearance restrictions to facilitate rail access to urban traffic generators as an alternative to more costly truck service to and from TOFC/COFC terminals in congested urban areas.

Any improvements in car design that have the effect of reducing tare weight or wind resistance will reduce TOFC operating costs, and contribute to increased profitability. Low weight cars will improve the net-to-tare ratio, and be more efficient in terms of fuel consumed per net ton-mile.

Conclusions and Recommendations

ConRail should serve all major market areas of the Region with an improved, viable intermodal network, a network serving all the principal east-west and north-south traffic flows, and one that would provide ConRail a means for effectively competing with truck transportation.

Much of the potential intermodal market is concentrated in the Region or is dependent on an efficient rail link to and from the Region. Given the necessary terminal facilities with well-maintained intercity routes and reliable line-haul services, and an effective marketing strategy and management control system, it is reasonable to project a growing and profitable role for ConRail intermodal services.

A key ingredient for realizing the true potential for intermodal service, however, must be a commitment based on the understanding of the proper role of intermodal service *vis-a-vis* other rail services, as well as other competitive modes and the development of strategies and policies which stress operational efficiency and profitability.

Identification and development of a profitable, self-supporting ConRail intermodal system, linked with other regional intermodal networks, will provide the shipping public with efficient reliable transportation, complementing conventional rail and truck transport systems, with efficient use of resources and limited capital funds. The intermodal concept can be expanded beyond its traditional role of present TOFC/COFC services, exerting a positive influence on the development of the rail system of the future, and providing a "total transportation" service to the Region.

APPENDIX G

Concept for Improved Passenger Service

All present or planned and proposed routes in the Region are shown in Figure 1; Table 1 and Figure 2 indicate examples of elapsed times and frequencies for the type of corridor services proposed.

The proposed improvements are designed to attract a maximum of potential ridership on each train by providing convenient frequencies within each corridor, and by linking adjacent corridors with through direct train service or convenient connections, as shown in Figure 3. Minimum service frequency proposed is equivalent to at least two daily trains in each direction. The two trip minimum encourages use of the rail mode by offering travelers more than one return trip each day.

The proposal also assumes that both non-business and business travelers will be attracted to the services proposed. The great majority of travelers will be diverted from automobiles through provision of a reasonably fast service with fares and elapsed time competitive or better than that of the automobile. This market appears to be relatively price-sensitive, and service standards should be set to keep costs low and service available for those to whom cost of travel is important.

Except for the Northeast Corridor, train service should not attempt to compete with the higher speeds offered by commercial air services. High-density but comfortable seating of about 75 seats per car can be provided. A small lounge section on each train would

TABLE 1.—Summary of recommended service improvements

Corridor	Present service level		Recommended service level	
	Transit time ¹	Number of daily round trips ¹	Transit time	Number of daily round trips
New York to Washington.....	3'03"	30	2'30"	(5)
New York to Boston.....	4'30"	11	3'00"	(7)
Chicago to Milwaukee.....	1'30"	7	1'15"	10
New York to Buffalo.....	8'20"	3	7'20"	(1)
Chicago to St. Louis.....	5'00"	3	4'30"	4
Chicago to Detroit.....	6'50"	2	5'00"	4
Detroit to Cincinnati.....	None	0	5'30"	2
Pittsburgh to Indianapolis.....	8'20"	1	7'30"	2
Chicago to Cincinnati.....	9'00"	1	8'15"	3
Cleveland to Pittsburgh.....	None	0	3'00"	3
Cleveland to Cincinnati.....	None	0	5'30"	3
Cleveland to Buffalo.....	None	0	3'15"	2
Philadelphia to Pittsburgh.....	7'16"	2	7'00"	2
Washington to Pittsburgh.....	8'19"	(1)	6'00"	2
Washington to Norfolk.....	None	0	4'00"	2
Detroit to Buffalo.....	5'05"	1	5'00"	1
Cleveland to Chicago.....	None	0	5'45"	3
Indianapolis to St. Louis.....	4'56"	1	4'00"	2

¹ Based on current Amtrak timetable.

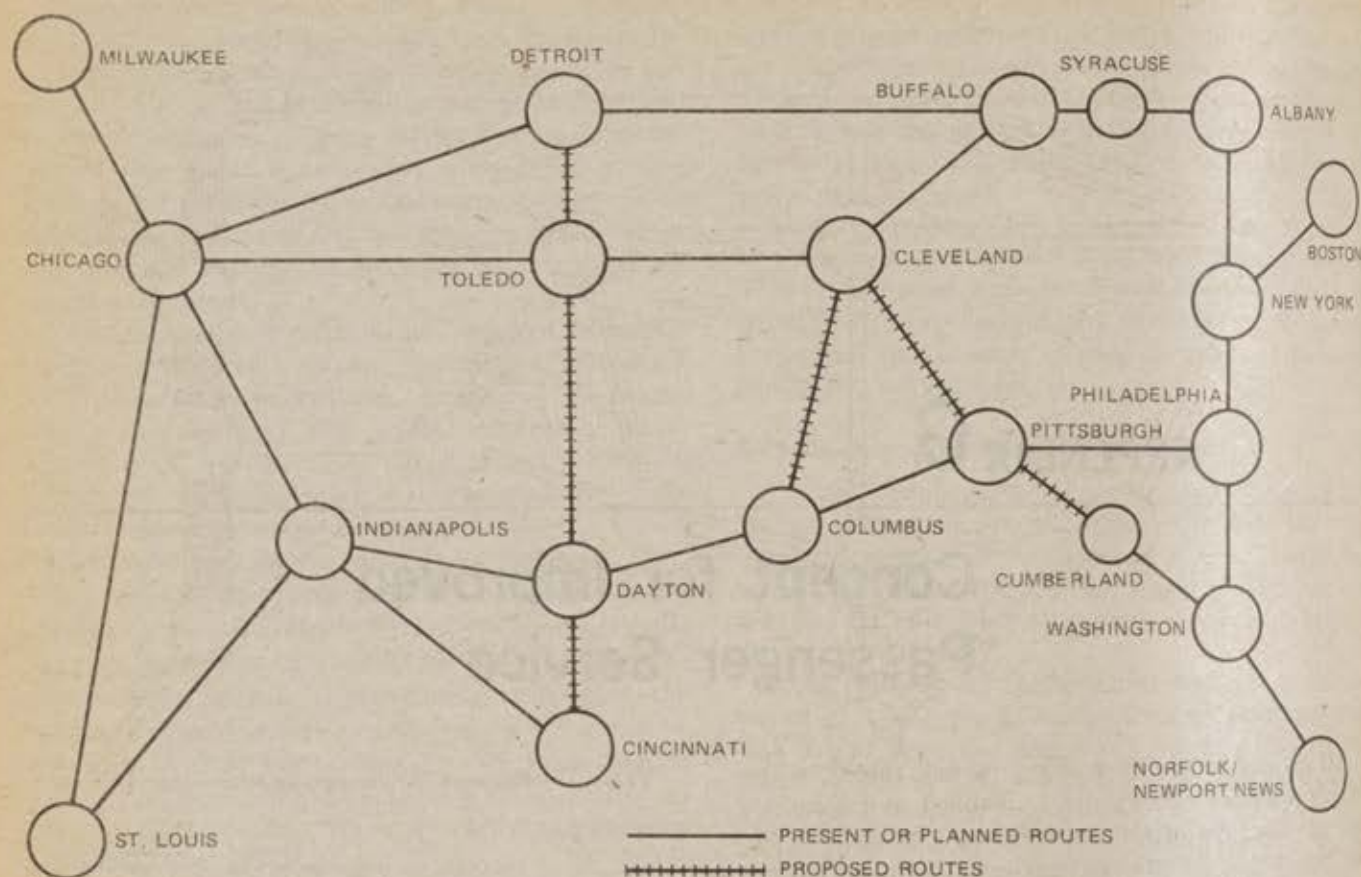
² By 1990 frequency should be $\frac{1}{2}$ hourly New York to Washington, and $\frac{1}{2}$ hourly New York to Boston; by 1982 frequency should be $\frac{1}{2}$ hourly New York to Washington, and hourly New York-Boston.

³ 3 round trips Buffalo to Syracuse; 4 round trips Syracuse to Albany; 7 round trips Albany to New York.

⁴ Long distance trains operating in proposed corridors.

⁵ 1 daily round trip plus 1 additional round trip triweekly via Harrisburg. Also 1 daily round trip Washington to Cumberland.

FIGURE 1
PRESENT, PLANNED AND PROPOSED CORRIDOR ROUTES



serve light food and liquid refreshments and could also be used as revenue seating during peak travel periods. Each seat could have a fold-down tray on its back (as on commercial airlines) to allow the traveler to enjoy food and drinks at his seat.

The proposed services also should appeal to the businessman who, because of a decided lack of attractive alternatives, presently is forced to use commercial air services on many trips of less than 300 miles. To compete for business travel purely on the basis of speed, Amtrak would have to increase its train speeds to an extent which would be economically, if not technologically infeasible. The scheme proposed here offers downtown-to-downtown elapsed times which compare favorably in many markets with those of air travel, particularly when delays associated with airport access, luggage and weather conditions, are considered.

As an additional inducement to business travelers, this service would offer "parlor cars" with low-density seating (about 30 seats per car) and other services. Because of the higher quality services offered, fares should be substantially higher. In most markets, they should approximate first class air fares. It is believed that many business travelers would forsake the speed advantage offered by commercial air services in short distance

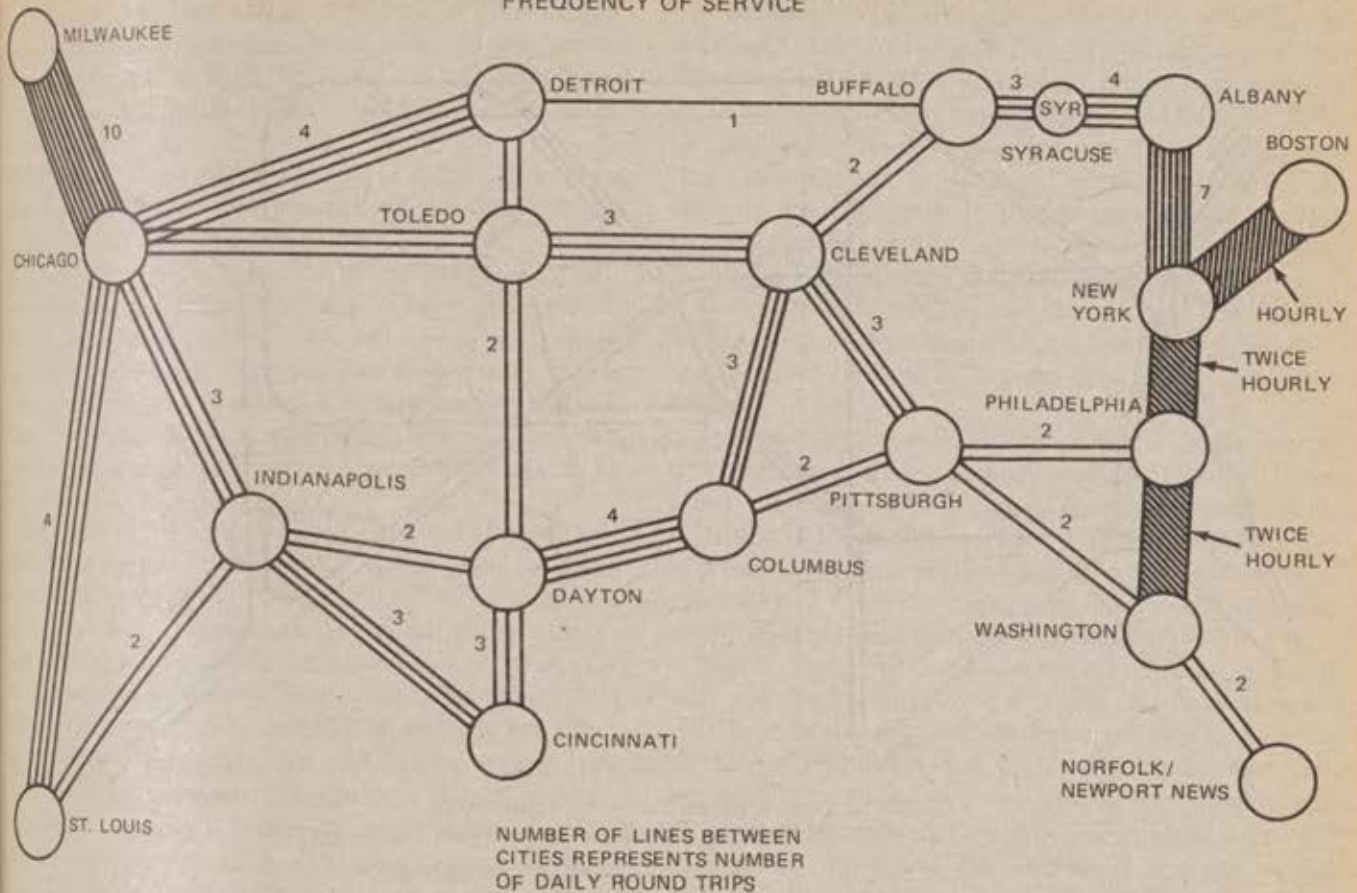
markets for effective rail service. Evidence of such business travel by train is provided by the substantial number of travellers choosing Metroliners between New York and Washington even though the 3-hour train ride is 2 hours longer than airport-to-airport flight times.

Service

As shown on Figure 3, each of the corridor services proposed is not considered as mutually exclusive. Each corridor is linked with each other, through the provision of inter-corridor trains or convenient "cross platform" connections. For example, there would be two daily round trips between Pittsburgh and Indianapolis. One train could not only carry passengers originating and terminating at those two cities, but also between New York, Philadelphia and Columbus. The second train could link Pittsburgh with direct train service to and from Indianapolis and St. Louis, as it could serve as one of the St. Louis-Indianapolis corridor trains. Convenient connections could also be provided to Cincinnati, Toledo, Detroit and Chicago by coinciding arrival and departure times at interchange points with those of the Cincinnati/Detroit/Cleveland and Cincinnati/Chicago corridors respectively. The "network" of Corridor services is analogous in many respects to a

FIGURE 2

FREQUENCY OF SERVICE



large urban transit system where a passenger can reach any destination by "long-distance subway" trips or by changing trains at crossing points.

The unbroken solid lines on Figure 3 show the major city pairs between which a passenger could make a trip without incurring an overnight journey, either via direct or connecting train service. Such trips would be possible between almost all major cities in the area west of Buffalo and Pittsburgh and east of Chicago/Milwaukee and St. Louis. In addition, the major upstate New York and Northeast Corridor cities would be linked with Cleveland, Columbus and Cincinnati as would be Pittsburgh with Richmond and Newport News.

Integrating the corridors into a network will tend to increase substantially the average number of passengers per corridor train as a result of travelers making non-corridor longer distance trips on corridor trains. The corridor schedules should also be designed to act as "feeders" to certain long-distance trains in the Region such as *The Floridian* and the new Boston/Chicago and Norfolk/Cincinnati services. This should further enhance the economics of both the corridor and the long-distance trains.

Equipment and Utilization

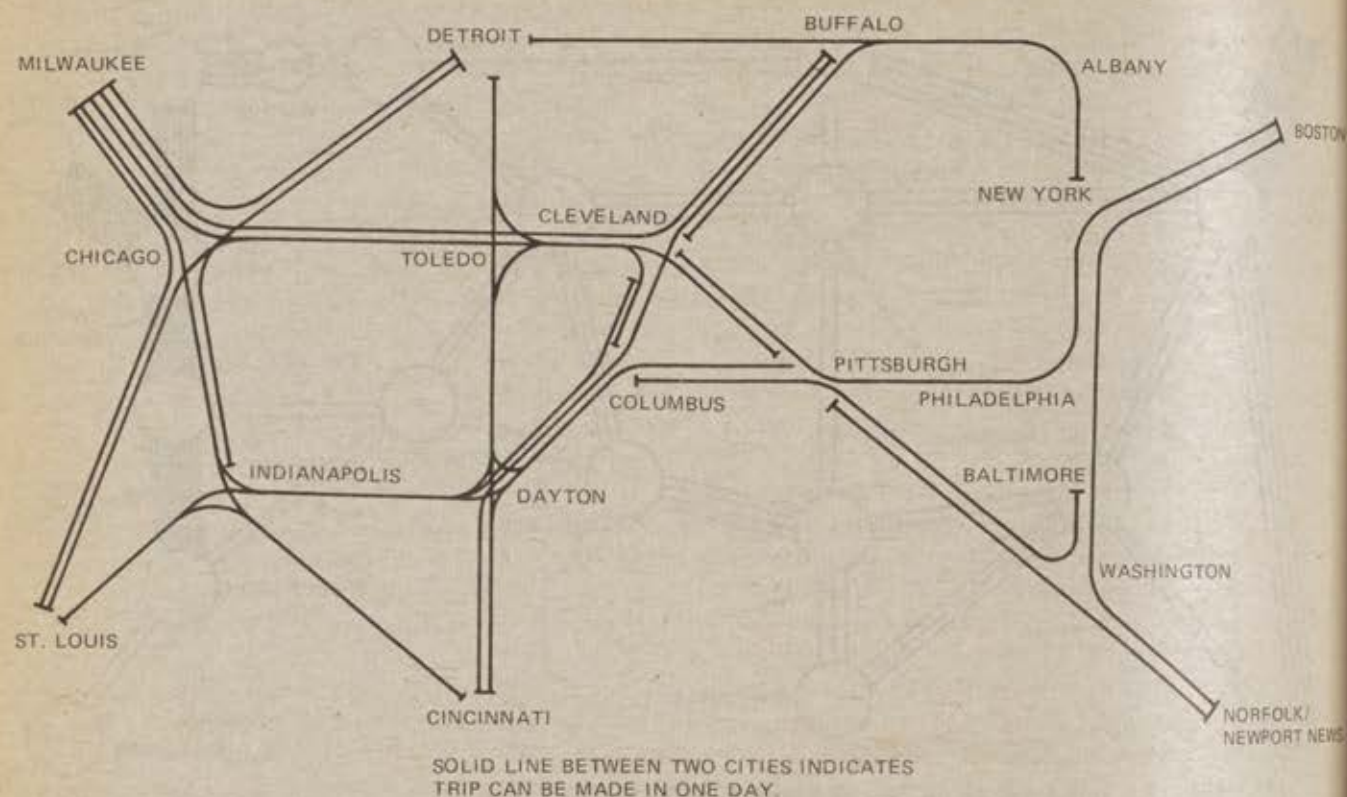
With the exception of the New York-Washington and Boston-New York services, all equipment in the proposed corridor services should be standardized to promote maximum utilization and flexibility. Existing equipment given major overhauling could be used, or new equipment specifically designed for the service should be purchased.

Turbotrain type equipment could be used but, while attractive in theory, this equipment has the disadvantage that additional cars cannot be added to existing trains to meet peak travel demands. Conventional new cars, such as the present Metroliner "shell" cars coupled with bi-directional locomotives for quick "turnarounds" might be ideally suited for this type of service. A detailed operational and marketing analysis should be conducted by Amtrak for this purpose.

USRA has not performed detailed studies which would allow it to estimate the magnitude of equipment requirements for the proposed services. However, at a minimum 3-car trains are visualized, including two coaches and perhaps a third car configured with first-class accommodations, a snack bar and lounge. Actual equipment requirements will undoubtedly vary by corridor and by train, but for purposes of this analysis,

FIGURE 3

INTEGRATED CORRIDOR NETWORK - INTERCORRIDOR CONNECTIONS



minimal equipment requirements have been assumed.

Amtrak presently requires about 21 sets of equipment to operate its corridor services. The combination of today's relatively slow train speeds, short trip lengths, assigned equipment in each corridor, and excessive turn-around times has resulted in average utilization of only 383 miles per day, per train set. If the proposed scheme is implemented, utilization of equipment would be increased sharply, to a level of about 550 miles per day per set.

The proposal would create about 15,000 additional daily train miles.¹ This would require an increase of about 100 percent in the number of train sets currently operated by Amtrak in the corridors, but because of increased utilization, the public would be afforded almost 200 percent more daily train miles.

It should be pointed out clearly, however, that the Association's proposal is conceptual only. Estimates encompass present corridors of Chicago/St. Louis, Detroit/Chicago, Chicago/Milwaukee, New York/Buffalo/Detroit and Washington/Cumberland. Proposed and present estimates exclude Boston/Washing-

ton service. Present and proposed equipment requirements exclude consideration of spare sets for maintenance purposes. The increment in train miles may seem substantial, but it is roughly equivalent to the addition of only three Chicago/Los Angeles daily trains.

Anticipated Financial Posture

The combination of increased equipment utilization and the linking of corridors into a network should serve to reduce costs and increase patronage.

Because of its available resources and past experience with corridor services, Amtrak is more qualified to analyze this service in detail. However, a rough approximation of the anticipated operating losses may be suggested by utilizing the financial results of comparable existing corridor services and applying them to the proposed services. In 1974 the operating cost of modern Amtrak turboliners between Chicago and St. Louis was approximately \$9.00 per train mile. With a 41 percent load factor, this service developed revenues of about \$5.00 per train mile, producing a loss of \$4.00 per train mile.

Applying this deficit to the 15,000 daily train miles of new service as suggested by this concept would result in a loss for the Region for these services of \$60,000 per day or approximately \$22,000,000 annually. With an increase in the load factor to 55 percent, the revenue

¹ The additional train miles and consequently percentage increase is probably somewhat overstated as certain existing trains such as the *National Limited*, *James Whitcomb Riley*, *Floridian* and proposed trains such as the Boston/Chicago service could, with proper scheduling, serve as corridor trains thus reducing the additional train miles.

per train mile would increase to \$6.60 and the deficit would be lowered to \$2.40 per train mile or \$13,000,000 annually. At the load factor of nearly 65 percent now being achieved on Amtrak's Chicago-Detroit service, the revenues increase to \$7.80 per train mile. This produces a deficit per train mile of \$1.20, or \$6.5 million on an annual basis.

An annual deficit of between \$6 and \$22 million can thus be anticipated. The low end of the range is less than Amtrak's losses on some of its long-haul services. For example, the Chicago-Seattle service loses \$7 million annually and San Francisco-Chicago service loses \$9 million annually. But these services operate only 4,576 and 4,814 train miles per day respectively. Similarly, the high end of the deficit range approximates that of present New York-Florida service, but the train miles operated are only 60 percent of those to be operated under this proposal.

On a nationwide basis, Amtrak operated about 75,000 train miles per day in 1973. With the proposed corridor services, this would rise to about 90,000 train miles per day, an increase of 20 percent. At the same time, the incremental operating deficit of \$22-million is relatively small when compared with Amtrak's current total deficit which is expected to reach \$300-million for fiscal 1975. Stated more simply, Amtrak has an opportunity to increase its services substantially (as measured by train miles) at only a relatively small increase in the deficit, and in doing so it will have created an integrated network of corridor trains offering service to major population areas in the Region.

Capital costs are excluded from this approximation of deficits which might be incurred by the proposed corridor services. Although the capital costs of locomotives and cars can be easily calculated, the alternative mode costs, in the form of airports, highways and other facilities, concurrent with a lack of such train services cannot be easily estimated. Therefore, inclusion of capital costs would not add to a meaningful comparison between the option of investing in rail or nonrail passenger facilities.

Implementation

It must be emphasized that the frequencies and the proposed routes in Table 1 and Figures 1, 2 and 3, are shown only to illustrate the *concept* of an integrated corridor network. Responsibility for detailed planning and implementation of improved services will lie with Amtrak. Therefore, although arrival and departure times are spaced at convenient daylight and evening hours, it does not necessarily follow that those schedules would be published upon implementation of the project.

These must be determined by more intensive analysis of travel patterns and demand factors.

Point-to-point elapsed times are those which could reasonably be attained given improved track conditions. They include an extra margin on each major segment to compensate for unforeseen delays and to allow time at major interchange points for connections. In estimating these elapsed times, consideration was given to the relative differences in profile (grades and curves) in each corridor and the extent to which trains would be required to reduce speed through urban areas.

A further indication of speeds attainable was derived by checking elapsed times from older timetables when speeds were generally higher than those prevalent today.

It is certain, however, that irrespective of the arrival and departure times ultimately chosen, the point-to-point times shown here would be literally impossible to attain, if the service were to be initiated today. Even if equipment were available, the present deteriorated condition of track on these segments would preclude running times such as those suggested here.

Furthermore, the upgrading of all of these segments will require at least 3 to 7 years. Equipment needs will have to be determined, designed and ordered or existing equipment given major overhauls. New stations will have to be built and existing ones modernized. One or more centralized shops for maintenance will have to be constructed. Detailed marketing and operational studies must be performed.

All this will require substantial time and effort and should be accomplished simultaneously with the track upgrading program so that when the track program is completed the service can be implemented without the serious drawbacks presently faced by Amtrak.

Recommended Corridor Rail Routings

Corridor	Routing
Buffalo-Cleveland	PC.
Chicago-Cincinnati	PC via Kankakee/Indianapolis.
Chicago-Milwaukee	Milwaukee Road.
Chicago-St. Louis	ICG via Springfield.
Cleveland-Chicago	PC via Toledo/South Bend.
Cleveland-Cincinnati	PC via Columbus/Dayton.
Detroit- ¹ Buffalo	PC via Canada.
Detroit-Chicago	PC via Niles/Jackson.
Detroit-Cincinnati	PC-Detroit to Toledo, B&O-Toledo to Cincinnati via Dayton.
Indianapolis-St. Louis	PC.
New York-Boston	PC via Providence.
New York-Buffalo	PC via Albany/Syracuse.
New York-Washington	PC via Philadelphia/Baltimore.
Philadelphia-Pittsburgh	PC via Harrisburg.
Pittsburgh-Cleveland	P&LE, EL via Youngstown/Niles.
Pittsburgh-Indianapolis	PC via Columbus/Dayton.
Washington-Norfolk/Newport News	RF&P Washington to Richmond, C&O Richmond to Newport News.
Washington-Pittsburgh	B&O.

¹ Also connecting service via Cleveland.

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APPENDIX H

Federal Subsidies to Non-Rail Transportation

The problems of the railroad industry and especially the bankrupt railroads in the Region stem from a host of factors ranging from changes in the industrial mix of the Nation's economy to internal management deficiencies. Within this range is a factor of public policy: uneven government assistance to various modes of transportation.

Government assistance to each mode is made up of a complex mix of tax benefits, capital grants, regulations and operating subsidies provided by all levels of government. This appendix concentrates on the magnitudes of federal assistance to the railroad mode, its competition and other forms of transportation. These aids, called subsidies in this analysis, consist of:

- Direct expenditures for right-of-way facilities which are not repaid by the user
- Direct operating subsidies to transportation carriers
- Grants for equipment
- Interest-free government loans and
- Tax advantages to the maritime industry, not available to all modes.

This appendix describes the extent of these subsidies during fiscal year 1972, the most recent year for which statistics on expenditures generally are available. Loan guarantee programs are not considered subsidies for

purposes of this study. A loan guarantee provision is not a cost to the government unless the beneficiary defaults. In that event, the loan guarantee may involve some cost to the taxpayer.

An arbitrary 10 percent estimate has been used as the cost of capital for portions of this appendix. The government makes similar investments in the form of cash grants, without considering the interest factor or other measures of opportunity cost, and as such this estimate may understate the real opportunity cost of public capital.

The discussion of public subsidy contained in this appendix may not constitute a complete analysis on the subject. While based on a compilation of available data, that data may not be entirely complete or current. It is presented here to provide a perspective on government assistance to transportation modes and to provide a basis for further analysis and discussion by all interested parties.

National Transportation Development

Federal transportation grants began in 1823 with the first land grant to Ohio for a wagon road which was followed with land grants and financial support for improvements of rivers and harbors.

In their formative years, almost all modes of transportation have received some type of federal aid. To

TABLE 1.—Federal and private expenditures for right-of-way facilities for ground and domestic water freight transportation, 1972¹

(Dollars in millions)

Mode	Operating revenues	Private expenditures, including all user charges for right-of-way facilities			Federal expenditures not covered by user charges for right-of-way facilities	
		Expenditures	Property taxes paid to State or local government	Percentage of O.R. spent for right-of-way facilities	Expenditures	Percentage of total or allocated cost of facilities
Railroads, Class I.....	\$13,400	\$2,670	\$185	21	None	Zero
Rail-competitive motorcarriers.....	27,590	1,600	None	6.9	\$325	11
Inland waterway operators.....	590	None	None	Zero	\$291	100
Great Lakes.....	305	None	None	Zero	45	100

¹ Federal expenditures are for Fiscal Year July 1971 to June 1972; private expenditures are for calendar year 1972.

² Excluding yard facilities, Class I railroads spent \$1,470 million for maintenance of road track, grade crossing protection and payroll taxes. [USRA Staff analysis] Annual carrying charge on investment in R-O-W was estimated roughly as \$1,200 million by the Association of American Railroads [Government Expenditures for Highway, Waterway and Air Facilities and Private Expenditures for Railroad Facilities (Washington: May 1974)].

date, total government expenditures, (federal, state and local) for domestic transportation other than rail have exceeded \$450 billion.¹ Virtually all this has been spent within the last half century. Of this sum, federal expenditures for rights-of-way and their improvements alone are estimated conservatively at more than \$100 billion.

Initially, railroads received federal aid for right-of-way facilities, primarily in the form of land grants.² The railroads repaid the federal government for these lands through tariff reductions,³ averaging 50 percent for passenger and freight traffic and about 20 percent for mail. The reduced tariffs on civilian traffic were eliminated in 1940 and on military traffic in 1945.

Railroads

Railroads have received limited support from the federal government in the last fifty years. The depression-era Reconstruction Finance Corporation loaned the railroads about \$938 million. Although there were some defaults, the full amount was repaid with some interest. More recently, pursuant to a loan guarantee program, the Interstate Commerce Commission has made payments on defaulted loans. In 1972 one payment totalled \$29.3 million for a Reading Railroad loan.⁴

¹ Association of American Railroads, *Government Expenditures for Highway, Waterway, and Air Facilities and Private Expenditures for Railroad Facilities* (Washington, D.C.: Association of American Railroads, May, 1974), Table 1.

² Aviation Advisory Service, *Government Support of the U.S. Railroads With Particular Effect Upon the Creation and Sustained Viability of a Key Transportation Industry*. Prepared for Pan American World Airways, Inc. (New York, June 6, 1974), pp. 8-10 and Table II. Federal and State land grants were estimated at \$429 million. Additional Federal and State rights-of-way grants were valued at \$87 million when granted to the railroads. Some sources may value the land grants higher, while others say the land was of no value until the railroad was built.

³ Aviation Advisory Service, Inc., *op. cit.*, pp. 8-10 and James C. Nelson, *Railroad Transportation and Public Policy* (Washington, D.C.: Brookings Institution, 1959), p. 69, footnote 2.

⁴ Library of Congress Congressional Research Service, *Emergency*

² Includes state and local user charges as well as federal taxes, which were approximately \$600 million.

³ Expenditures shown are cash expenditures and do not include any imputed cost of capital for the project. On the other hand, as stated in footnote 2, above, annual carrying charges are important in rail rights-of-way cost and are estimated to run about \$1.2 billion annually.

Sources: USRA staff analysis. Technical background information available.

Railroads not only own and maintain their private rights-of-way, but pay taxes on most of these facilities as well. Railroads paid \$400 million in various local property taxes in 1972. Of this amount, the Association of American Railroads estimates that \$185 million was property taxes levied on the rights-of-way, exclusive of yards and other local taxes.⁵ Rail's competitors, other than pipelines, use publicly owned and maintained right-of-way facilities, paying only a portion, if any, of the costs and no taxes.

Expenditures for right-of-way facilities for other forms of transportation account for over 75 percent of all transportation subsidies. Generally speaking, no charges for cost of capital were included as an element of cost. Table 1 compares the private expenditures of

TABLE 2.—Ton-mile market shares intercity freight carriers,¹ 1972

Mode	Net ton-miles (billions)	Percent of total	Percent of rail
Class I rail.....	785	37	100
Motor carriers.....	470	22.6	9
Inland waterway.....	230	11.1	5
Great Lakes-St. Lawrence.....	109	5.2	14
Total.....	1,600	100	

¹ Excludes Oil Pipelines and Air Cargo.

Source: *Yearbook of Railroad Facts*, 1974 edition (Washington, D.C.: Association of American Railroads, 1974).

Federal Assistance to Private Enterprise: A Selective Examination of the Federal Government, p. 9. Aviation Advisory Service, Inc., *op. cit.*, p. 21 and Table V. The Transportation Act of 1958 authorized ICC to grant up to \$500 million in loan guarantees to the railroads for capital expenditures or maintenance of property. Loans totalling \$242.5 million were guaranteed and disbursed to 14 railroads. ICC paid \$115.3 million in principal and \$4.3 million in interest through FY 1973 for defaults by eight railroads, but recovered \$5.1 million by the end of 1973. At that time there were \$40 million of loans outstanding. The Regional Rail Reorganization Act of 1973 provides additional loan guarantees and grants for Northeast bankrupt carriers.

These loan guarantees are similar to the mortgage guarantees (insurance) available to the maritime industry. At present there are \$368.3 million of mortgages guaranteed for 43 U.S. flag tankers. Additional agreements provide \$385 million in mortgage guarantees for ships under construction.

⁵ Association of American Railroads, *op. cit.*, Table II. Of the \$400 million, about \$60 million assessed on bankrupt carriers were unpaid and constituted claims against the bankrupt estates.

TABLE 3.—Total federal subsidies to transportation (excluding expenditures from user charges) fiscal year 1972

(Dollars in millions)

Mode	Right-of-way facilities construction, operations and maintenance	Equipment grants (SCDS) ¹ mass transit	Operating subsidies	Interest free loans	Loans guarantees defaults	Special tax advantages	Total
Motor carriers.....	\$325						\$325
Inland waterways.....	291						291
Great Lakes-St. Lawrence Seaway.....	45.1	\$15		\$5			65.1
Ocean shipping.....	463.4		\$182			\$10	655.4
Aviation.....	488		67.3				555.3
Rail transportation.....	0		780 (Amtrak)		\$29.3 (Reading RR)	\$45	154.3
Mass transit.....	250	250					500
Total.....	\$1,862.5	265	329.3	6	29.3	55	2,547.1

¹ Ship construction differential subsidy.² Costs of a 5-year amortization of rolling stock which expired January 1, 1975. Taxpayer had to choose between using this 5-year depreciation or the investment tax credit. With the reinstatement of the investment tax credit, the 5-year amortization fell into disuse.³ This amount approximates the amount of avoidable costs of public passenger

railroads in 1972 to federal expenditures in the same year for right-of-way improvements which subsidized rail's competitors. Table 2 shows the market share of the same surface transportation modes for that year.

Other subsidies range from operating subsidies to complex tax "deferral" incentives for the maritime industry. Table 3 shows all forms of federal subsidies to transportation in 1972, including aids for non-competitive modes.

Motor Carriers

Motor carriers benefit by sharing the public highways instead of owning and maintaining private right-of-way facilities. In 1940, when there were 3.2 million miles of roads, only 1.7 million miles were hardsurfaced. From 1940 to 1972, hardsurfaced road mileage, much of it of vastly improved design, increased more than 2 million miles. During that period, motor carriers' share of the nation's ton-miles increased from 10 to 23 percent while rail's dropped from 61 to 38 percent.⁶ In 1972, Class I and Class II regulated motor carriers spent only 5.9 percent of their revenues for "user charges" in federal and state taxes while Class I railroads spent almost 21 percent of their revenues on maintenance of right-of-way facilities.⁷

The major improvement has been the Interstate Highway System, of which 37,500 miles were open by the end of 1972⁸ and about 5,000 miles are now in various stages of completion. Rail-competitive trucks accumulate almost 50 percent of their mileage on Interstates, and the federal government will pay for 90 percent of the estimated \$76 billion final cost of the System.

⁶ American Trucking Association, *American Trucking Trends 1973* (Washington: 1974) p. 9.⁷ Ibid., p. 24 and USRA staff analysis.⁸ The value to motor carriers of modern highways such as the

service not covered by revenues from passenger fares. Prior to the formation of the National Railroad Passenger Corporation, the Nation's railroads were absorbing the financial loss of providing this public service.

⁹ In contrast, the rail industry spent \$1.47 billion on maintenance of way in 1972 plus paid \$1.2 billion for interest on debt on such facilities, a total cost of \$2.67 billion. See Table 1.

The Federal Highway Trust Fund was created in 1956 to cover the federal share of construction costs for all highways on the Federal-Aid Systems.⁹ Motor carriers have contributed substantial amounts to the fund,¹⁰ but there has been considerable debate over the adequacy of truck payments to the fund in light of the high standards of construction required to accommodate heavy trucks.

Interstate System is illustrated by their yearly growth rate in ton-miles:

Year	Billions of inter-city ton-miles by motor carriers	Percent of total
1940.....	62.0	10.0
1945.....	66.9	6.5
1950.....	172.9	16.3
1955.....	223.3	17.5
1960.....	285.5	21.7
1967.....	388.5	22.0
1972.....	470.0	22.9

In 1940, just before the beginning of World War II, motor carriers handled 10 percent of the domestic ton-miles. By 1950, the motor carriers had increased their market share to 16.3 percent, reflecting social and economic changes in the nation after the war. During the next five years the growth rate was slow. The mid and late Fifties saw the initiation of limited access super highways on a massive scale. While the Interstate System was not well under way until 1960, highways of similar quality, such as the Eastern turnpikes, were opening by 1956.

By 1967 motor carriers competing with rail claimed over 22 percent of the domestic ton-mile market. In the next five years truckers gained less than 1 percent of the growing ton-mile market. During the same 30 years the railroads' market share of ton-miles has declined from 67 percent to 38 percent.

¹⁰ Since FY 1970, the Department of Transportation has been spending between \$4 and \$5 billion annually on highways.

¹¹ Motor carriers pay the following federal "user charges": 4 cents per gallon on all motor fuel; 10 percent of the manufacturer's wholesale price on the purchase of new trucks or trailers; 19 cents per pound on tires and inner tubes; 5 cents per pound on tread rubber; 8 percent of the price of parts and accessories; 6 cents per gallon for lubricating oil, and \$3.00 per thousand pounds for vehicles weighing over 26,000 pounds. In total, these taxes levied on all trucks yield about 40 percent of the Trust Fund receipts. Large rail-competitive trucks underpay, however, especially in comparison to smaller trucks.

In 1969 the Federal Highway Administration (FHWA) performed a cost allocation study to answer this question. FHWA chose the "incremental cost" method to analyze the cost responsibility of various classes of vehicles. To determine incremental cost, the FHWA study divided the many elements of highway design into increments and assigned the costs of those increments to the vehicles which required them.

For example, the higher the axle weight the pavement must withstand, the higher the number of increments of pavement structure necessary and thus the higher the construction cost. The common automobile needs only one increment while the loaded axle trucks weighing 72,000 pounds will need the full six increments.

Other examples of highway design increments affecting cost are bridges, lane widths, radius of curves and maximum allowable grade. The cost of each increment was prorated to the classes of vehicle requiring it according to the percentage of use each class represents.

The study results showed that the cost of highway travel for the heavier weight long haul trucks ranged from 2.535 cents to 3.399 cents per mile. The same vehicles paid "user charges" from 1.638 cents to 1.781 cents per mile. When the difference between cost and charges was multiplied by the anticipated mileage, the total amounted to a federal construction subsidy of more than \$250 million per year to the motor carriers,¹¹ or 42.2 percent of the federal costs allocated to rail-competitive motor carriers.

Table 4 illustrates the subsidy level for the two most rail-competitive types of motor carrier—the diesel 5-axle tractor-semitrailer and the 5-axle semi-trailer and full trailer. Since there are other classes of trucks which are rail competitive, this table illustrates only how the subsidy was computed.

By 1972 the American Trucking Association estimated that the number of rail-competitive trucks (diesel trac-

tor-trailer combination of 4 or more axles) had increased to 500,000. At the same time, average annual mileage per vehicle had increased to almost 70,000 miles per year.¹² Under the same method used in 1969, the subsidy now totalled \$365 million.

This figure may be higher than the actual subsidy, since more trucks were sharing the fourth through sixth increments, thus reducing the implicit subsidy per truck mile. Other factors, however, tend to work in the opposite direction, increasing the cost responsibility of rail-competitive trucks over the 1969 costs. For example, as truck mileage and percentage of vehicle traffic increased, so did the incremental cost of constructing and maintaining the sixth increment. Finally, inflation would increase the total costs. Thus, while motor carriers may be covering a greater portion of costs than in 1969, this rail-competitive transportation mode received in 1972 a subsidy estimated conservatively at \$325 million.

The 1969 allocation study made no estimate for the cost of capital. Since the federal-aid highway system is financed from payments already made to the Federal Highway Trust Fund, the federal government incurs no interest.

An estimate can be made of the "opportunity cost" of the funds invested in highways for the benefit of rail-competitive motor carriers.

The amount of federal expenditures for highways allocated to the rail-competitive truckers in 1972 was approximately \$925 million.¹³ If this sum were invested elsewhere at 10 percent interest, it could yield a return of \$92.5 million per year. If the \$325 million of costs not covered by motor carriers were available for alternative investment, it could earn \$32.5 million per year.

Since this would be an annually recurring amount such interest earnings would amount to \$325 million over 10 years, before allowing for compounding. This latter carrying charge could be regarded as an indirect subsidy to the motor carriers. State and local governments did pay a total of \$950 million dollars for interest on debt related to federal, state and local roads in 1972.¹⁴

This aid to the motor carriers is actually a cross-subsidy from within the Federal Highway Trust Fund, rather than a direct grant. Taxes designated for the fund are considered "user charges". Whenever one purchases fuel, tires or other items taxed for the fund, a fee is paid. Thus the collection of the user charge is not directly related to use nor to the cost of specific segments of federally-aided highways.

TABLE 4.—Estimated federal subsidy levels to certain motor vehicle classes, 1969

	Diesel 5 axle tractor and semitrailer	Diesel 5 (or more) axle tractor-semi-trailer and full trailer
Allocated cost responsibility per mile	2.623 cents	3.399 cents
"User charges" paid per mile to trust fund	1.689 cents	1.781 cents
Subsidy per vehicle mile of travel	0.934 cent	1.618 cents
Estimated total mileage per class (millions)	11,216	6,080
Subsidy per class (thousands)	\$104,737	\$98,374

Source: Department of Transportation, Federal Highway Administration, *Allocation of Highway Cost Responsibility and Tax Payments*, op. cit. Table 23, p. 69 and Table 6a, p. 25.

¹¹ Department of Transportation, Federal Highway Administration, *Allocation of Highway Cost Responsibility and Tax Payments, 1969* by John C. Oehmann and Stanley F. Bielski. May, 1970. Based primarily of Table 6a, p. 25 and Table 23, p. 69. Adjustments were made to correct mileage errors for diesel 4-axle tractor-semi-trailers. [While the methods used in this study have been the subject of considerable controversy, it is the latest systematic and complete reference on the subject.]

¹² The average was 66,118 for all types of trucks. The rail-competitive truck specializes in long haul and averages substantially more miles per year.

¹³ Based on statistics provided in American Trucking Association, *American Trucking Trends*, (Washington: 1974) and Department of Transportation, Federal Highway Administration, op. cit.

¹⁴ Department of Transportation, Federal Highway Administration, *Highway Selected Statistics, 1973* (Washington, 1974), Table 5073-11, p. 11.

Users of other vehicle classes pay more than their share to offset the large truckers' deficit. Residents using primarily state or local roads (that are not classified on the Federal-aid Highway System) contribute to the Federal Highway Trust Fund even though such funds may not be returned to those local facilities but spent on Federal-aid highways, predominantly the costly Interstate system.

The federal subsidy represents only the federal share of capital (construction) costs. In 1972, federal, state and local governments spent \$23 billion for highways. Of this amount, state governments accounted for \$15.5 billion. Maintenance and traffic services cost state governments \$2.3 billion and all levels of government a total of \$5.4 billion.¹⁵

Data is sketchy concerning what portion of state and local expenditures, especially those for maintenance, should be attributed to heavy trucks. One-quarter of the maintenance costs is caused by factors other than traffic volume, primarily weathering. Charles River Associates estimated that maintenance expenditures would decrease by 19 percent if there were a 25 percent reduction in intercity truck traffic.¹⁶ In a study done for the Association of American Railroads, Battelle Columbus Laboratories allocated 17.8 percent of maintenance costs to trucks.¹⁷

Once a share of costs has been allocated to the rail-competitive trucks, there remains the question of whether the "user charges" levied on these trucks recovers all federal, state and local expenditures. The 1969 study offers some insight in answering this question.

This study allocates to the typical diesel five-axle tractor-semitrailer [an average] yearly cost-responsibility of \$3,821.81 to cover its share of federal, state, and local government expenditures.¹⁸ Since the same class of vehicle was allocated \$2,011¹⁹ as its share of Federal costs, its share of state and local expenditures was \$1,810 in 1969. The same vehicle paid State and

local taxes ranging from a low of \$1,038 to a high of \$3,670 in 1968.²⁰

The state and local taxes in the median state that year were \$1,485, or \$325 less than the fully allocated share of state and local costs. Although motor carriers were paying more than their share of allocated costs in a few states, many states were subsidizing rail-competitive motor carriers.

Northeastern states appear to be in the middle range of user charges. Table 5 shows the typical registration fees and fuel taxes paid by the large trucks in the 17 states of the Northeast region and their rank among states, based on the registration fee, one of the more variable portions of state user charges.

TABLE 5.—Principal State Highway User Charges 17-State Region, 1972

State	5-axle vehicle registration fee	Fee rank in U.S.	Motor fuel tax/gal
Delaware.....	\$362/383	10	\$3.08
Massachusetts.....	390	12	.075
District of Columbia.....	393	13	1.08
Rhode Island.....	410	14	.08
New Hampshire.....	432	15	.09
Maryland.....	455	16	1.09
Indiana.....	486	20	.08
New York.....	519	24	1.10
New Jersey.....	544	25	1.08
Connecticut.....	555	26	1.10
Pennsylvania.....	560	27	.08
Michigan.....	590	28	.07
West Virginia.....	590	29	.085
Ohio.....	605	30	.07
Maine.....	605	31	.09
Virginia.....	662	33	1.11
Illinois.....	1,492/1,695	50	.075
Vermont.....	1,659	51	1.00

¹ Increased in 1973 to \$3.09.

² Tax increase in 1972.

³ No fuel-tax on diesel fuel. Retaliatory-Highway Use Permit of \$20 fee plus \$10 for each entry into state. Levied only on vehicles from states which levy a highway tax on use fee on Vermont vehicles.

Source: U.S. Department of Transportation, Federal Highway Administration, *Highway Statistics 1972*, (Washington: U.S. Government Printing Office), Table MF-1, p. 10; Table MF-104, pp. 18-19; and Table MV-103, pp. 48-51.

Inland Waterways

Of the various types of water transportation, the mode most competitive to rail is the shallow draft vessel on the Inland Waterway System, typically an unmanned, non self-propelled barge.²¹ As many as 40

²¹ *Ibid.*, Table 26, p. 77 and pp. 75-79. The state user payments do not include property taxes, which are placed in general funds rather than highway funds. Since railroads also pay similar property taxes on both right-of-way and rolling stock, it is hardly logical to consider a property tax a "user charge" for motor carriers. Most states charge relatively low user charges but higher property taxes, thus at times subsidizing highway costs from taxes paid by non-users, including railroads. In a few cases, states may be using high user charges to help supplement general revenue or offset low property taxes. There are restrictions, however, as to how these "user taxes" may be spent.

²² A large barge can load as much as forty times the tonnage of an average boxcar.

¹⁵ Department of Transportation, Federal Highway Administration, *Highway Selected Statistics 1973*, "Total receipts, and Disbursements for Highways, All Units of Government," p. 11.

¹⁶ Charles River Associates Incorporated, *Competition between Rail and Truck in Intercity Freight Transportation*, prepared for the U.S. Department of Transportation, December, 1969, p. 70.

¹⁷ Battelle Columbus Laboratories, *A Study of the Environmental Impact of Projected Increases in Intercity Freight Traffic*, prepared for the Association of American Railroads, as cited in American Trucking Association, *An Analysis of "A Study of the Environmental Impact of Projected Increases in Intercity Freight Traffic"*, January, 1973.

¹⁸ The ATA objects to this estimate, partially on grounds that the estimate is based on use of the Interstate System only, for which trucks bear a higher share of responsibility for costs. However, while trucks do use the Interstate System substantially more than other types of highways, the Interstate System was designed to withstand the extra weight of trucks. Although the construction costs were more due to trucks' increased size and weight, the portion of maintenance costs attributed to trucks may be less than the portion of maintenance costs on other roads which were not designed to meet heavy truck weights.

¹⁹ Department of Transportation, FEWA, *Allocation of Highway Cost Responsibility and Tax Payments 1969*, Table 19, p. 59.

²⁰ *Ibid.*, Table 23, p. 69.

barges are moved in a tow propelled by one or more towboats. The almost 1800 barge towing operators, including private companies, have increased their market share of intercity freight from 2.8 percent in 1942 to 11 percent in 1972.

Inland Waterway operators specialize in moving bulk cargoes which are heavy, have a low value per unit of weight and can be loaded and unloaded mechanically.²² Barge freight is most competitive to the railroad markets in steel products, grain, petroleum, chemicals and coal. The Inland Waterway operators move 20 percent of the nation's annual coal output.²³ More than 50 percent of the barge coal traffic is centered in the Pittsburgh area where the northeast bankrupt rail carriers have rights-of-ways.

The system consists of more than 25,000 miles of waterways navigable by shallow draft vessels. The 38 states served by this system contain 95 percent of the country's population. Although most of the waterways have been improved substantially for navigation, or even artificially created, there are no lock fees, canal fees or other "user charges" of any type for use of these waters.²⁴

The Army Corps of Engineers (COE) is responsible for the construction, operation and maintenance of the facilities.²⁵ It now is reconstructing and enlarging many of the older locks to accommodate longer tows per lockage, thus increasing the efficiency of barge operators²⁶ and lowering their costs.

After construction, COE maintains the channels through almost continuous dredging, some of which is necessitated by the movement of the vessels themselves. Personnel are available 24 hours a day to operate the locks and dams.

In addition, the U.S. Coast Guard is responsible for aids to navigation (channel markers, lighthouses, fog-horns), search and rescue operations, commercial vessel inspection for safety, policing of the harbors and protection of the maritime environment (cleaning up oil spills). Again, this is all without charge to the user.

²² Examples include coal, sand, crushed stone, grain, limestone and lumber. Specialized tank barges can carry pressurized or refrigerated chemicals. Barges also transport petroleum products, machinery and both the raw material and finished products of the steel and aluminum industry.

²³ *Big Load Afloat—U.S. Inland Water Resources* (Washington: American Waterway Operators, Inc., 1965), p. 27.

²⁴ The only tolls charged by the United States for use of any waterway are lock fees on the St. Lawrence Seaway and the Panama Canal.

²⁵ Virtually all of the routes have required initial dredging to achieve adequate and uniform depths along channel bottoms. Standard depth is nine feet. Additionally, dams are necessary in many instances to assure a relatively constant year-round depth. Locks are frequently needed to compensate for differences in water levels. Finally, many man-made canals connect improved natural waterways.

²⁶ One trip per tow boat through a lock takes about 30 minutes, while a tow broken into two segments takes about an hour and a half. Operating costs of a tow boat are close to \$100 per hour. [*Ibid.*, p. 41.] More recent information indicates that operating a tow boat may range as high as \$200 per hour. [Department of Transportation, *User Charges on the Inland Waterway System*, (Washington, January, 1971), unpublished, p. III-11.]

From the first federal investment in the early 19th century to the present, it is estimated that almost \$4 billion have been spent on new construction projects on inland or intra-coastal waterways.²⁷

Inland waterway navigational costs are often hidden in other COE projects. For a task force study of potential user charges done in 1969, COE estimated that as much as 13.7 percent of the construction cost of multi-purpose projects could properly be allocable to navigation improvement, while 25 percent of the operations and maintenance for flood control projects were related to navigation.

Technical staff in the Department of Transportation and COE provided the estimates shown in Table 6 of the total federal expenditures for Inland Waterways in 1972. The cost of capital is not included in these figures.

The value of this federal subsidy is large. The major advantage of barge over rail is its low cost. Some authorities have maintained that, if the towing industry paid the full cost of the waterways, the water mode would no longer be the low cost carrier. Recent unpublished government studies on the question of user charges pro-

TABLE 6.—Federal funding of barge operators in fiscal year 1972

(Dollars in millions)

Army Corps of Engineers (COE):	
Waterway navigation:	
New construction ¹	173
Operations and maintenance ²	80
U.S. Coast Guard (USCG):	
USCG aids to navigation program	14
USCG search and rescue program ³	17
USCG commercial vessel safety program	3
USCG marine environmental protection program	6
Tennessee Valley Authority:	
Inland waterway navigation operations and maintenance	3
Total	296

¹ This figure may not include all allocable costs of multi-purpose and flood control projects.

² This number has been adjusted to include allocable portions of other projects.

³ Search and Rescue is largest segment of USCG budget. Not known what portion is related to recreational cost but recreational vessels do alter the sum.

Source: USRA staff interviews with technical personnel in Department of Transportation and Army Corps of Engineers.

²⁷ This estimate was given to DOT by the Army Corps of Engineers in 1970. COE estimated that as of June 1969 it had spent \$3 billion on new construction on waterways. This estimate included the allocable costs from flood control and multi-purpose projects. Using an assumed economic life of 50 years for the projects covered by the \$3 billion [*User Charges on the Inland Waterways*, op. cit., I-12, 13 and Table I-5.] and an average interest rate of 4 1/2 percent, COE estimated the total interest and amortization requirements at \$160 million annually. This includes only COE construction expenditures.

A report prepared for the Senate Commerce Committee (No. 91-765) estimated that \$8.9 billion has been spent on coastal and inland waterways from 1947 to 1970. More than navigational-related expenses were included. [*Ibid.*, p. I-12, footnote.]

AAR has estimated that a total of \$5.7 billion has been spent on Inland Waterways, including operations and maintenance. [Association of American Railroads, op. cit., Table 7.]

jected that recovering only maintenance and operations cost would divert approximately 15 percent of the traffic from Inland Waterways.

Part of this tonnage would move by rail or pipelines while some of it would cease moving. Recovering these expenditures from the remaining 85 percent of the traffic would require an average of .6 of a mill per ton-mile user charge, an increase of 19 percent.²⁸ In most instances the entire user charge would be passed on to the shipper, though in some cases the barge operator would absorb part of the cost.

The actual range of federal cost per major segment of the Inland Waterway system was from a low of .1 of a mill per ton-mile for the lower Mississippi River to a high of 35 mills per ton-mile for the Kentucky River District. Within the 17 state Northeast Region, the range was from a low of .4 of a mill for the Ohio River District to a high of 15.1 mills for the Allegheny River District.²⁹

Table 7 indicates the level of toll charge necessary to recover operations and maintenance costs on major waterways in the Northeast for 1968. If a segment toll to recover operations and maintenance costs were levied on the tonnage moving on the Allegheny system to Pittsburgh, most traffic would shift to rail transport.³⁰ In 1972 that would have meant 80.5 million ton-miles shifted from barge to rail in Pennsylvania.³¹

TABLE 8.—Tons moving on the Inland Waterway System in the northeast region, 1972
(In thousands)

River district	Tons	Ton-Miles
Allegheny.....	15,498	180,447
Monongahela.....	38,624	1,527,939
Ohio River.....	138,877	32,066,467
Illinois Waterway.....	43,970	8,350,429
Mississippi—North of St. Louis.....	60,746	11,615,718
Kanawha River.....	14,501	818,335
James River.....	6,555	408,542

- ¹ Includes both improved and open channel portions.
² Includes 29,000 tons and 10,840,000 ton-miles oceangoing.
³ Includes 2,086,000 and unknown ton-miles coastwise and lakewise.
⁴ Includes 329,000 tons and 13,898,000 ton-miles oceangoing.
⁵ Includes 745,000 tons and unknown ton-miles oceangoing.

Source: 1972 *Inland Waterborne Commerce Statistics*. (Washington, D.C.: American Waterway Operators, Inc., October, 1973).

In supporting its projection, NWC estimated that such a fee would raise cost one mill per ton-mile, or 25-50 percent for 150 billion ton-miles of waterways traffic. Most of such increases would be reflected in higher rates. NWC also suggested that, for high-cost low-volume segments, as much as 50 percent of the mileage would have to be closed.³² While some of this tonnage would cease moving and some would move by pipeline, a major portion of the tonnage in question would move by rail.

Attempting to recover capital costs as well as operations and maintenance costs from shallow draft vessels only would raise average barge rates from 2.9 mills per ton-mile to an average of 4.54 mills per ton-mile, or an increase of 57 percent. This rate is only 1.5 mills less per ton-mile than rail's unit coal train rate (in 1972 dollar value). Since water is much slower and seldom point-to-point, such a slight price differential would eliminate most of the barge operator's advantage of low cost.

Waterways could lose as much as 50 percent of the present traffic.³³ Much of the retained traffic would be that on the lower Mississippi River, which has a high volume of traffic and low operation costs. User charges per ton-mile on this segment, therefore, would be low. A disproportionate amount of the waterway's lost traffic would be in the Northeast Region served by the bankrupt railroads.

Thus, the federal government's aid to waterways has resulted in the northeast railroads' loss of a major share of the approximately \$400 million of operating revenues of the Region's barge operators.

²⁸ *The Impact of Waterway User Charges—An Industry-by-Industry Assessment*, National Waterways Conference, Inc., Washington, D.C., 1968 as cited in Department of Transportation, *User Charges on Inland Waterways*, op. cit., pp. IV-1-2.

²⁹ Department of Transportation, *User Charges on Inland Waterways* (op. cit.), p. IV-3, 4 and Table IV-1. If deep draft shipping using the waterways paid the tolls, the average increase would be 1.29 mills per ton-mile or an increase of 45 percent. In the Northeast Region there is little deep draft shipping, so the higher average would be needed to recover full costs if segment tolls were used.

TABLE 7.—Tolls required to recover costs of operations and maintenance of Northeast Inland Waterways, 1968

River district	Tons (thousands)	Ton-miles (thousands)	Operations and maintenance cost (dollars in thousands)	Recovery toll/per ton-mile (mills)
Allegheny.....	4,645	57,063	\$864	15.1
Monongahela.....	38,999	1,702,310	1,868	1.1
Ohio River.....	120,203	27,324,903	11,047	.4
Illinois Waterway.....	25,633	6,029,188	3,535	.6
Mississippi—North of St. Louis.....	46,175	7,643,440	6,050	.791
Kanawha River.....	14,108	750,367	667	.9
James River.....	5,613	334,386	534	1.6

Source: U.S. Department of Transportation "User Charts on Inland Waterways," Washington, January 1971, Table III-2.

Table 8 shows the ton-miles moved by each of these Northeast waterways during 1972.

The National Waterways Conference, Inc. (NWC) estimated that a user fee designed to collect an annual sum of \$150 million would eliminate one-third of the traffic on the waterways. This is about one-half the total federal expenditures for capital projects, operations and maintenance in 1972.

²⁸ In particular, Department of Transportation, *User Charges*, op. cit., p. III-1, also IV-3.

²⁹ Ibid., Table III-2.

³⁰ Ibid., p. IV-9.

³¹ Data for barge traffic from 1972 *Inland Waterborne Commerce Statistics*. (Washington: American Waterway Operators, Inc., October, 1973), p. 16.

Great Lakes-St. Lawrence Seaway

The Great Lakes-Saint Lawrence Seaway System is the third competitor to the midwest-northeast railroads. Modern freight transportation on the lakes began in 1855 with the opening of the first Soo lock, although Chicago to Buffalo traffic predated the locks. The first century of Great Lakes freight movement was as often an intermodal complement to rail as it was a competitor.

The opening of the St. Lawrence Seaway³⁴ in 1959 changed the pattern of Great Lakes freight traffic by giving ocean vessels direct access to Great Lakes ports. Although tonnage moved on the Great Lakes has been declining, an increasing amount of tonnage moves through the Seaway. In 1972 almost 54 million tons of cargo "locked through" the American portion of the Seaway.³⁵

Of that, 30 percent was overseas shipments with the origin or destination being a United States Great Lakes port. Without the Seaway, virtually all of that freight would have moved by northeastern or Canadian rail to an ocean port. Another 29 percent of the tonnage was freight moving between the United States and Canada; ³⁶ much of this market otherwise might have moved by rail. Ironically, virtually all of the international tonnage is moved by foreign flag vessels.

The St. Lawrence Seaway Development Corporation (SLSDC)³⁷ manages the United States portion, consisting of 110 miles of the St. Lawrence River and the Eisenhower and Snell locks. SLSDC charges the only tolls levied on an American inland or coastal waterway. Toll receipts thus far are sufficient to cover all operations and maintenance costs and contribute funds for retirement of construction debt, but not enough to pay interest.

SLSDC borrowed \$133.8 million directly from the U.S. Treasury for construction and major repairs.³⁸ By 1970, after 11 years of operation, interest deferrals raised the debt to \$155 million. The Merchant Marine Act of 1970 forgave SLSDC's \$23 million in interest deferrals and eliminated all future interest payments.³⁹ Forgiven interest on bonded debt amounts to \$4 million annually. If the interest deferrals are included, the total interest subsidy rises to \$6.5 million annually.

The St. Lawrence Seaway necessitated major renovations in Great Lakes facilities to accommodate deeper draft ocean vessels. As with other waterways, the Great Lakes harbors, channels and locks are constructed,

operated and maintained by COE. Navigational aids are provided by the U.S. Coast Guard.

Between 1800 and 1970 the COE spent \$291 million on harbor construction and \$380 million on locks and channels.⁴⁰ The bulk of these expenditures has been since World War II, either in anticipation of or in response to the St. Lawrence Seaway.⁴¹ Between 1960 and 1971, COE spent \$25 million for harbor renovation. Although COE construction costs decreased to \$5.1 million in 1972, operations and maintenance costs reached an annual \$20 million.⁴²

The Merchant Marine Act of 1970 also gave the Great Lakes the status of being the fourth U.S. sea coast. Such status qualified Great Lakes for the ship construction differential subsidy (SCDS).⁴³

The eligibility of the Great Lakes for the SCDS prompted a rush of orders for new ships. Between late 1971 and early 1974, five new ships costing \$67 million were constructed.⁴⁴ At the then-prevailing SCDS rate, the federal government paid over \$30 million in 2 years—or about \$15 million for 1972.

Two Great Lakes shipbuilding yards have a backlog of orders through 1980. The SCDS on these existing orders could range as high as \$142.5 million over the next six years or an annual average of \$24 million. Some of these new ships will carry triple the tonnage of older vessels and need no additional crew. To remain competitive, other shippers will undoubtedly modernize their fleets. Thus, SCDS could reach \$50 million annually by the end of the seventies.

The new ships, built with federal money, are all rail-competitive, especially the jumbo-sized 1,000-foot vessel. Howard Andrews, vice-president for marine services, Hanna Mining Company, has been quoted as saying, "Even if shipping rates go up, the new ships will have an economic advantage over rail except perhaps for the short haul."⁴⁵

The Merchant Marine Act of 1970 also qualified Great Lakes operators for the 10 deferrals available to

³⁴ Great Lakes Basin Commission, *Great Lakes Basin Framework Study*, Appendix C. Unpublished. Table C9-17. Includes the \$125.4 million construction loan for the St. Lawrence Seaway.

³⁵ For instance, the Indiana Harbor, reopened in 1971, was deepened and enlarged to accommodate ocean vessels at a cost of \$5 million. Annual maintenance cost of this harbor is \$222,000 as of 1972. Similar expenditures occurred for the Soo locks. While the federal government has spent a total of \$150.4 million for construction of these locks, \$47.5 million of these expenditures were for the last two reconstructions of locks which were rebuilt to handle ocean-going vessels.

³⁶ Department of the Army, Corps of Engineers, 1972 *Annual Report, Chief of Engineers on Civil Works Activities*, Vol. II. Presumably, by 1972 most of the renovations to accommodate ocean-going vessels were completed.

³⁷ The ship construction differential pays the difference in cost between an American-built and a foreign-built vessel. Federal law requires all ships engaged in purely domestic trade to be built and registered in the United States. Great Lakes shipping firms did not have the option of buying and operating vessels under a foreign flag. Even without this cabotage law, the Great Lakes style vessel could not have been purchased overseas since most vessels are too long to be handled by the Seaway locks.

³⁸ "The New Great Lakes Fleet," *Business Week*, May 19, 1974, p. 40.

³⁹ *Ibid.*, p. 40.

³⁴ The St. Lawrence Seaway is a joint project of the United States and Canada.

³⁵ Department of Transportation, St. Lawrence Seaway Development Corporation, 1972 *Annual Report*, p. 3.

³⁶ *Ibid.*, 1971 *Annual Report*, p. 6.

³⁷ As noted by SLSDC in its 1972 *Annual Report*, SLSDC, though a federal agency, is really a member of the price-competitive transportation business.

³⁸ *Ibid.*, 1969 *Annual Report*, p. 19. The SLSDC still has the authority to borrow an additional \$6.2 million.

³⁹ *Ibid.*, 1970 *Annual Report*, pp. 6 and 19. SLSDC paid \$37.7 million in interest prior to 1970.

merchant marine operators. These Great Lakes vessels in service between Canada and U.S. Great Lakes ports qualified for the operating differential subsidy. The tax deferral benefits and the operating differential subsidy are described in the "Ocean Shipping" portion of this appendix.

Direct federal expenditures contributed \$60 million in subsidies to Great Lakes shippers during fiscal 1972. Table 9, following, illustrates how these funds were allocated.

TABLE 9.—Federal expenditures on the Great Lakes and the St. Lawrence Seaway System, fiscal year 1972

[In millions of dollars]

Project	Army Corps of Engineers	U.S. Coast Guard	Maritime Administration	Total
New construction.....	5.1			
Operation and maintenance.....	20.0			25.1
Navigation aids ¹ safety and policing.....		20.0		20.0
Ship construction differential.....			15.0	15.0
Total.....				60.0

¹ Estimated roughly at slightly less than 10 percent of USCG budget for all Coastal Harbors and Channels. However a large portion of USCG expenditures are for search and rescue operations, of which a major component is recreational craft.

After adding the federal interest payments on the bonds for the St. Lawrence Seaway, the total federal aid to Great Lakes trade in 1972 was between \$65 and \$70 million.

Aviation Subsidies

Since the Air Commerce Act of 1926, substantial federal aid has been given to the aviation industry. The federal government through the Federal Aviation Administration (FAA) operates the National Airport and Airway System⁴⁶ and manages the federal grants-in-aid to airports.⁴⁷ The Airport and Airways Development and Revenue Act of 1970 established the Airport and Airways Trust Fund to finance improvements in the system.⁴⁸ Generally the Trust Fund covers capital expenditures, but the operations and maintenance costs are covered by general revenues.

⁴⁶ Management of the Airways Systems involves a network of electrically complex facilities and equipment. FAA has 400 "control towers" which direct air traffic during landings and take-offs. The control towers cooperate with 20 "enroute" control centers. The "enroute" centers provide air traffic control for the users of Flight Instrument Rule and navigational aids to all categories of aircraft. Other flight services, such as weather information and the filing of flight plans, are provided.

⁴⁷ The federal government provides matching "50-50 grants" to local sponsors for the development of airports. FAA also owns Washington National and Dulles International Airports. In 1972 the federal government granted \$280 million for the development of airports.

⁴⁸ Until 1970 all of these programs were funded entirely from general revenues. Although an excise tax was levied on passenger tickets, there was no "linkage" of these revenues to the cost of operating the Airways. A tax also was levied on non-jet fuel, which after 1936 was earmarked for the Federal Highway Trust Fund. Between 1926 and 1970, the Federal Government spent approximately \$9 billion on the Airways System and another \$2.9 billion on grants-in-aid for airports.

The Department of Transportation developed a "cost base" of the Airports and Airways System which covers the period from 1966 to 1975. During this time federal expenditures (past and anticipated) for capital improvements plus operations and maintenance totaled \$10.8 billion. After allowing for the effects of amortizing capital costs over ten years, the government expenditures for aviation during the ten years amounted to \$11.7 billion.

Under this "cost base," annual federal expenditures from 1971 to 1975 ranged from \$1,135 million to \$1,820 million, while user charges recovered from \$654 million in 1971 to \$976 million in 1975. Thus the annual payments from general revenues to aviation ranges from \$482 million to a high of \$852 million. For fiscal year 1972 the federal government spent approximately \$1,280 million on aviation. Of this sum, \$706 million came from the Airport and Airways Trust Fund. The remaining \$577 million came from general revenues.⁴⁹

The cost responsibility was allocated to each class of users of the Airports and Airways. The air carriers were assigned responsibility for 52.8 percent of the costs for fiscal year 1972, while general aviation was responsible for 27.8 percent of the cost base. In apportioning aviation cost responsibilities among the users, the Department of Transportation study allocated 19.5 percent to the public sector to cover civil government and military use of the Airway System. If the federal government is responsible for this portion of the costs of the Airway System,⁵⁰ which in fiscal year 1972 totaled \$250 million, then the subsidy to the aviation industry was \$327 million.

Of the \$706 million recovered from taxes for the Airport and Airway Trust Fund, \$633 million came from the air carriers and only \$73 million came from general aviation. The study assigned the air carriers responsibility for \$676 million and general aviation \$354 million. Thus, air carriers paid 93.6 percent of their allocated share of costs, but general aviation paid only 20.6 percent of its share of costs.⁵¹

In the mid-1940's, the Civil Aeronautics Board (CAB) authorized a group of local service carriers to give scheduled air service to smaller or isolated communities. Such carriers were given direct federal subsidies by CAB. From 1953 to 1970, at which time there were still nine local carriers receiving direct subsidies, the government paid local service carriers approximate-

⁴⁶ Department of Transportation, *Airport and Airways Cost Allocation Study, Part I, Report to Congress*, Washington, September 26, 1973. Table 5 and Table 11.

⁴⁹ Other federal government studies done on costs or allocation of cost responsibilities used for this study did not assign portions of the cost to the public sector.

⁵¹ Department of Transportation, *Airport and Airway Cost Allocation Study, op. cit.* Table 11. In fiscal year 1973 air carriers paid \$707 million into the Trust Fund or 95.5 percent of their allocated share of costs. By fiscal year 1974 this group was projected to pay \$792 million in taxes or 97.2 percent of allocated costs.

ly \$1 billion.⁵² In 1972 CAB paid more than \$67.3 million of direct subsidies to air carriers. Most of this was to the nine local carriers, though some Alaskan carriers also received subsidies.⁵³

There are additional Federal expenditures for programs indirectly related to the operation of the Airway System. Most of these costs would be avoidable except for the aviation industry. These expenditures are for search and rescue operations, aviation safety and safety regulation, private use of the Department of Defense "joint use" facilities and a small portion of aeronautical research. The cost of CAB regulatory activities is excluded. The Federal expenditures for these "ancillary" or supporting programs were at least \$190 million for fiscal year 1971. Thus, after adjusting costs for inflation, the federal government spent almost \$200 million for these programs in 1972.⁵⁴

Total federal expenditures for aviation in fiscal 1972 exceeded \$1.5 billion. Of that amount, \$555 million represented expenditures not covered by payments into the Airport and Airways Trust Fund and in excess of public sector costs. Table 10 illustrates how this amount was allocated.

TABLE 10.—Federal expenditures for commercial aviation
(In Excess of Payments from Trust Fund and After Allocation of Costs to U.S. Government Operations, Fiscal Year 1972)

[Dollars in millions]				
	Airport and airway system	Operating to region carriers	Ancillary ¹ programs	Total
Air carriers.....	\$45	\$67.3	\$105.6	\$217.9
General aviation.....	282	.....	55.4	337.4
Total.....	327	67.3	161.0	555.3

¹ The total cost responsibility was allocated among air carriers, general aviation, and the public at the same percentage used for allocating Airport and Airway System's cost.

One other potential subsidy looms on the horizon. A provision of the Federal Aviation Act of 1958 authorizes CAB to subsidize a carrier in trouble if such carrier has been managed efficiently and honestly. To date only nominal grants have been made under this provision, but Pan American Airlines recently applied for a subsidy of \$10.2 million per month. Though the request has been rejected, the precarious financial situation of some carriers soon may make this a significant item.

Ocean Shipping

Since the country's early days, the federal government has been improving harbors, policing free access and providing navigational aids. During fiscal year

1972, Army Corps of Engineers spent almost \$97 million on new construction related to coastal harbors and channels and an additional \$137 million for operating and maintaining the coastal waterways. During the same year, the Coast Guard spent approximately \$230 million⁵⁵ for navigational aids, vessel safety, marine environment protection and search and rescue.

Beyond the costs related to the construction and maintenance of a "right-of-way," the federal government has given aid to our maritime industry unavailable to other transportation modes. By far the most significant help is the "operating differential subsidy,"⁵⁶ begun with the Merchant Marine Act of 1936. Since then over \$3.5 billion have been given to the American maritime industry. In 1972, U.S. operators received direct payments totaling \$182 million.⁵⁷

The tax deferral subsidy is less tangible. Basically, a ship owner may deposit a portion of his earnings in a "reserve" fund for future capital expenses. Taxes on the monies in the capital reserve fund are deferred indefinitely. Though the actual tax amount must be paid at some future date, there is no time limitation for the tax payment and no interest charged on the tax deferral.⁵⁸ At the end of 1970, \$649.3 million in tax deferred earnings were invested either in equipment or in an operators' reserve fund. The Joint Economic Committee has estimated the deferred tax payments as costing the federal government about \$10 million per year, though it could be as much as \$50 million per year by fiscal year 1975.⁵⁹

Table 11, following, lists the subsidies of direct benefit to American based shippers. The ship construction differential subsidy, often viewed as a subsidy to the maritime industry, has been excluded from this study. American ship operators engaged in foreign trade can buy equivalent quality vessels from foreign ship yards at a lower price. This subsidy, then, is aid to American shipbuilding yards.

⁵⁵ The \$230 million is an arbitrary number representing over 90 percent of USCG total expenditures on its "4" coasts. Based on COE expenditures, the Great Lakes seem to represent somewhere between 4 percent and 12 percent of total expenditures for deep draft navigation. Over half of the USCG funds are for search and rescue operations, of which a significant portion is related to recreational craft, but there is no reasonable way to allocate s & r funds between commercial and recreational efforts.

⁵⁶ The operating differential subsidy is to encourage U.S. shipping firms to provide regularly scheduled service over 27 international trade routes. The subsidies compensate for the higher costs of using American crew and operating an American owned flag vessel. Prior to 1970 this subsidy was limited only to "cargo liners" following scheduled service, but now the subsidy is available for bulk vessels which go "wherever there is business."

⁵⁷ U.S. Congress, Joint Economic Committee, *Federal Subsidy Programs*, Op. Cit., p. 107.

⁵⁸ The description of the tax deferral subsidy is over-simplified here. For a fuller understanding of the mechanisms of net income, capital gains, future reductions of operating costs credited to reserve, depreciation and so on, see Gerald R. Jantscher, "Federal Aids to the Maritime Industries," in U.S. Congress, Joint Economic Committee, *The Economics of Federal Subsidy Programs*, Part 6, 93d Congress, 1st Session, pp. 785-795, February 26, 1973.

⁵⁹ *Ibid.*, p. 794 and U.S. Congress, 93d Congress, 2d Session, op. cit., p. 108.

⁵² Prior to 1953 the subsidy was included in the amount paid by the government for carrying mail.

⁵³ U.S. Congress, Joint Economic Committee, *Federal Subsidy Programs*, 93d Congress, 2d Session, October, 1974, p. 107.

⁵⁴ Department of Transportation, *Airport and Airway Cost Allocation Study*, op. cit.

TABLE II.—Federal expenditures for maritime aid, fiscal year 1972

[In millions of dollars]

Army Corps of Engineers:	
Construction	96.80
Operations and maintenance	136.60
U.S. Coast Guard—navigational aids, and policing activities	230.00
U.S. Maritime Administration—Operating differential subsidy	182.00
Internal Revenue Service—deferred tax payments	10.00
Total	655.40

Likewise, cabotage laws, designed to assure that trade between American ports is limited to domestic operators, has been excluded. Since a ship engaged in domestic trade must be built in America, it is again an aid to American shipbuilders. In practice, cabotage requirements have tended to make domestic coastal trade prohibitively expensive.

Mass Transportation

Since the end of World War II, operating costs of mass transportation firms have been increasing more rapidly than revenues. By the mid-1960's decreasing ridership plus increased operating expense created a vicious cycle: service cuts plus fare increases leading to more lost patronage yielding still more service cut-backs and with higher fares, etc. Between 1959 and 1970, 235 private bus firms went bankrupt.

To counterbalance this trend, the federal government initiated a capital grant program in 1965. The first year's budget was small—only \$60 million. These grants to urban governments provided two-thirds of the cost of a project with local government funding the other one-third. Projects included the purchase of private bus companies by public agencies, extending or building new rapid rail lines and the purchase of new equipment for bus and rapid rail operations. Total capital grants amounted to \$735 million between 1965 and 1970.

The Urban Mass Transportation Act of 1970 gave the Urban Mass Transportation Administration (UMTA) authority to obligate \$10 billion from 1970 to 1982. To date, \$3 billion of capital grants have been obligated to 160 cities. Some funds may find their way into railroads to help offset the deficit of commuter operations. At present there are 16 commuter rail lines predominantly operated on taxed, privately owned rights-of-way. Because commuter rail operations were caught in the aforementioned cycle, some states or urban areas have initiated various contracts with the private railroads to provide equipment or increased service. Even so, this aid will not be sufficient to cover the fully allocated costs of present commuter rail operations.

Since the Urban Mass Transit program is relatively new, expenditures so far have been slight, but they are

increasing rapidly.⁶⁰ For fiscal year 1972 UMTA had authority to commit \$600 million and actually spent \$510 million.

The program has been limited to capital grants, since 1973 on an 80/20 basis, but the Mass Transportation Assistance Act of 1974 provides a total of \$11.8 billion for operating subsidies and capital grants over the next six years. In fiscal year 1975 \$300 million will be available on a 50/50 matching grant for operating subsidy. By fiscal year 1980, \$900 million will be distributed according to a formula which considers relative population and density.

Additional highway program funds from both the Highway Trust Fund and from general funds may be used for urban bus and rail mass transit under limited conditions. For several years highway funds also have been available for various highway public transportation capital projects, such as parking facilities for transit.

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APPENDIX

Selected Sources

This Appendix is divided into two sections. The first is a selected list of previously published books and public documents used as general background material in the preparation of the Preliminary System Plan. The second section provides a list of reports prepared for USRA by outside consultants specifically for use in preparing the Preliminary and Final System Plans. Because these reports are new additions to the literature of transportation planning, each report is described briefly. These reports represent only part of the information available to the Association; they do not necessarily represent the views, policy, nor final conclusions of the Association. In a few instances, final consultant reports have not been received as of this printing, but their work product has been analyzed in preparing the Preliminary System Plan.

The consultant reports which are identified by an accession number, e.g. PB 239020, may be purchased through the National Technical Information Service. Requests for copies should identify the accession number and indicate the number of copies desired. Please enclose a check or money order made out to the National Technical Information Service and addressed as follows: National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161.

Copies can be ordered by individual volume number or by complete set number. All documents may also be ordered from the National Technical Information Service on microfiche for a price of \$2.25 each.

Copies of the literature and reports listed below may also be reviewed in room 2103, United States Railway Association, 2100 Second Street, S.W., Washington, D.C.

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U. S. Congress. House. *An Act to authorize and direct the maintenance of adequate and efficient rail service in the Midwest and Northeast region of the United States, and for other purposes*, Pub. L. 93-236, 93d Cong., 1974, H. R. 9142.

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Consultant Reports to USRA

Inventory and Assessment Project for Rail Service in Midwest and Northeast Region, Bechtel Incorporated, 50 Beale Street, San Francisco.

Bechtel Incorporated and five associate contractors, whose reports are described below, conducted a general inventory of the fixed plant of the railroads in reorganization. These contractors examined the general physical condition of the plant, identified the rehabilitation work necessary to bring the rail system to a specified condition, and estimated the costs for such rehabilitation. In addition, the accuracy of the existing railroad records was reviewed. The total inventory is serving as a basis for developing a rehabilitation work plan.

Bechtel Inc. also served as the Technical Direction Contractor to coordinate the activities of the associate contractors.

The railroads in reorganization were divided into six sections, each to be inventoried by a contractor, as follows:

Bechtel Incorporated, inventoried the eastern region of the Penn Central system, located in parts of New York, New Jersey, Pennsylvania and Maryland; the Metropolitan Region, located in New York and Connecticut; and the Pennsylvania-Reading Seashore Line.

Dalton-Dalton-Little-Newport, 7315 Wisconsin Avenue, Bethesda, Maryland, inventoried the central division of the Penn Central, located in parts of Ohio, Pennsylvania, New York and West Virginia.

DeLew, Cather and Co., 1030 15th Street, N.W., Suite 888, Washington, D.C., inventoried the Cleveland division, Canada division and the northeastern region of the Penn Central, located in parts of New York, Connecticut, Massachusetts and Ontario, Canada;

Morrison-Knudson Co., 319 Broadway, Boise, Idaho, inventoried the southern region of the Penn Central;

STV, Inc., Griffith Towers Bldg., King and Charlotte Street, Pottstown, Pennsylvania, inventoried the facilities of the Reading, Lehigh Valley, Lehigh Hudson River and the Central of New Jersey;

Sverdrup & Parcel and Associates, Inc., 800 North 12th Boulevard, St. Louis, Missouri, inventoried the western and northern regions of the Penn Central and the Ann Arbor.

An Environmental Assessment of the Potential Effects of the Railroad System Plan, Battelle Columbus Laboratories, 505 King Avenue, Columbus, Ohio.

This study assesses the environmental effects of the railroad system plan for the region. The study includes an overview of the potential environmental problems, an environmental assessment of the railroad system's effects and recommendations of subjects for continuous assessments. This study will be completed in May, 1975 and will be referenced in the Final System Plan.

An Economic Model for the Railroad Industry, Chase Econometrics Associates, Inc., Bala Cynwyd, Pa., December 1974 (NTIS Accession No. PB239020, \$5.75).

This study analyzes unit price developments affecting the rail industry on an annual basis to 1985. The contractor generates long run-national macroeconomic and regional economic forecasts and develops econometric equations to forecast railroad unit costs.

Analysis of Community Impacts Resulting From Loss of Rail Service, Consad Research Corporation, 121 North Highland Avenue, Pittsburgh, Pennsylvania, October 1974. (NTIS Accession Numbers: Volume I—PB239034, \$5.25; Volume II PB239035, \$5.75; Volume III PB239036, \$5.25; Volume IV PB239037, \$5.25; (Complete Set PB239033—set, \$18.00).

This four-volume study describes a method for estimating the community impacts of the loss of railroad freight service. The study documents methodology developed for estimating community impact and presents the results of applications of the methodology to twenty communities. Included in the study is a guidebook designed for state and community use in estimating impacts on potentially affected communities.

Criteria for Line Retention, Consad Research Corporation, 121 North Highland Avenue, Pittsburgh, Pennsylvania, February 1975. (NTIS Accession No. PB239041, \$10.00.)

This study develops economic criteria for identifying the viability of line segments under analysis in USRA planning. The study identifies applicable costing techniques and developed supporting rationale for each criterion selected. Consideration was given to approaches to forecasting branch line revenues, revenue allocation criteria and alternative means of evaluating overhead traffic divertible to other rail lines if uneconomic lines are not retained.

Controlled Transfer as a Restructuring Mechanism, Economics and Science Planning, Inc., 1200 18th St. N.W., Washington, D.C., January 1975. (NTIS Accession No. PB 23918, \$7.00.)

This study develops the economic, social and environmental consequences of reorganizing the railroads by controlled transfers. The study explores the consequences of a controlled transfer reorganization to establishment of a single Consolidated Rail Corporation. The legislative and regulatory changes necessary, the problems of timing, manner of bidding and conditions of sale are also explored. Included in the study are recommended combinations of potential bankrupt rail properties and solvents.

Study of Critical Maintenance Problems and Analysis of Capital Expenditure Proposals, Thomas K. Dyer, Inc., 1762 Massachusetts Avenue, Lexington, Mass.

This study identifies maintenance needs and costs on key rail facilities and lines and analyzes major capital expenditure proposals. The contractor assisted in the preparation of an economic overview of maintenance-of-way program planning.

Trackage Rights Costing Study, Thomas K. Dyer, Inc., 1762 Massachusetts Avenue, Lexington, Mass.

This study identifies and quantifies the full economic impact of trackage rights agreements upon the participants. The study covered savings realized by tenant and/or owning railroad, costs incurred from handling tenant traffic and development of methods of assessing charges. From these findings the contractor developed a set of standard costs and appropriate charges for main line train operations. This study will be completed in May, 1975 and will be referenced in the Final System Plan.

Study of Rail Passenger Service in the Northeast and Midwest Region, Harbridge House, N. Arlington Street, Boston, Massachusetts.

This study assesses the scope, quality and needs of rail passenger service in the Northeast and Midwest region. The contractor analyzes the movement of passengers in the regions and identifies short-to-medium distance corridors which would benefit substantially from improved high speed service. USRA did not request a final report of this study.

USRA Yard Classification Planning Project, R. L. Hines Associates, Inc., 1030 15th Street, N.W., Washington, D.C., January 1975. (NTIS Accession No. PB239031, \$3.75)

This study analyzes selected yard operations, including handling of inbound/out-bound trains, interchange and transfers, line planning procedures and operating and managerial controls. The contractor developed the maximum throughput of road train cars for each of several terminals and yards premised upon "reasonable" upgrade and expansion of existing facilities.

Analysis of Railroad Operated Ferry and Lighterage Operations, A. T. Kearney, Inc., 100 South Wacker Drive, Chicago, Illinois, January, 1975 (NTIS Accession No. PB 239029, \$7.50)

This study presents a preliminary analysis of the marine operations of the railroads in reorganization and examines alternative approaches to meeting the transportation needs of the shippers now served. The study deals with the Ann Arbor Railroad car ferry on Lake Michigan; the Penn Central carfloat from Cape Charles, Virginia to Norfolk, Virginia; and the Lehigh Valley and Penn Central carfloat operations from New Jersey to Brooklyn. In addition, the contractor analyzed lighterage service in New York Harbor.

Long Range Pricing Philosophy for the Consolidated Rail Corporation, A. T. Kearney, 100 South Wacker Drive, Chicago, Illinois.

This study proposes an interim pricing strategy and an appropriate long-range pricing philosophy for the Consolidated Rail Corporation. The contractor reviewed various theories of pricing economics and the impact of regulatory economics

on the development of pricing strategy; conducted cost and marketing analyses; measured the price sensitivity of commodity and origin destination groups and developed traffic/revenue estimates. Additionally, the contractor developed a traffic/revenue simulator to test the impact of various price increases in a variety of configurations.

Community Impacts of Abandonment of Railroad Service, Public Interest Economics Center, 1714 Massachusetts Avenue, N.W., Washington, D.C., December 1974. (NTIS Accession No. PB 239030, \$7.50)

This study provides an overview and analysis of the problem of track abandonment, including its economic and social impact, and the development of a basic model relating rail abandonment to income and employment levels in affected communities. The study was developed from nationally available data using the county as the community structure.

An Economic Overview of the Consolidated Rail Corporation, Reebie Associates, P.O. Box 1436, Havemeyer Place, Greenwich, Connecticut, August 1974. (NTIS Accession No. PB 239025, \$4.25)

This economic overview study identifies the principal problems to be overcome by ConRail if it is to become a self-sustaining operation, and the opportunities to improve rail service and earnings. The study deals with specific marketing, operating and investment problems that need to be resolved and makes recommendations for achieving profitability.

An Interim Pricing Strategy for ConRail, Reebie Associates, P.O. Box 1436, 12 Havemeyer Place, Greenwich, Connecticut, January 1975. (NTIS Accession No. PB 239040, \$3.25.)

This study proposes a pricing philosophy for the Consolidated Rail Corporation. The study analyzes the merits of the various types of short term price increases in terms of general rate increases, commodity increases, terminal surcharges and region surcharges. An estimate of the traffic diversion under each arrangement is presented and the net profit for each alternative calculated.

A Study and Plan—ConRail Bi-Modal and Intermodal Operations, Reebie Associates, P.O. Box 1436, 12 Havemeyer Place, Greenwich, Connecticut, January 1975. (NTIS Accession No. Volume I—PB 239038, \$5.25; Volume II—PB 239039, \$4.25.)

This study reviews the intermodal problems of today and defines prospects for the future. The study covers the historical development of intermodal operations and identifies economic and organizational problems and opportunities. From these findings, the contractor developed short and long range alternative plans based upon recommended changes and adoption of certain operating concepts.

Freight Transportation, Future Modal Competitiveness, Reebie Associates, P.O. Box 1436, 12 Havemeyer Place, Greenwich, Connecticut, February 1975. (NTIS Accession No. PB 239219, \$3.25.)

This study examines rail, truck and barge transportation in the Region in light of current and projected future programs of various governmental bodies and changing technology. The study reviews current and future government programs and analyzes their influence. Similarly, changes in technology were reviewed and an analysis made of the impact of these changes on productivity. After quantifying the effect of these changes, the contractor developed a cost model for alternative operating configurations. The contractor's study also includes a market share analysis and identification of opportunities for securing additional rail traffic through improved service.

A Study of Economics of Intermodal and Intermodal Competition in the Region, Simat, Helliesen & Elchner, Inc., 345 Boylston Street, Newton Center, Massachusetts, February, 1975.

This study analyzes the economics of railroad competition in the Region and its relationship to freight transportation by trucks and barges. The contractor reviews the literature on

the economics of competition and prepares an analysis of the presumed benefits of competition. A seminar with shippers was conducted and an analysis of their views on competition was prepared. The contractor also evaluated the competitive effects of different possible ways of organizing rail service in the Region.

Economic Study of Alternative Modes for Rail Traffic and Their Costs, Wilbur Smith & Associates, 1100 Connecticut Avenue, Washington, D.C. (NTIS Accession No. PB 239032, \$8.50)

This is an economic study of alternative modes for rail traffic and their relative costs, including the social and environmental costs. The study summarizes the problem of diverting rail traffic to alternative modes, discusses the prospects for substituting different modes while preserving competition and describes the principal factors affecting comparative costs of the several modes of transportation.

Study of Blocking and Train Operations Planning, Stanford Research Institute, 333 Ravenswood Avenue, Menlo Park, California.

This study of blocking and train operations planning includes development of detailed integrated yard, train and main line operational plans. For various potential networks, the contractor develops a blocking and over-the-road train operating plan; a description of significant capacity and/or operating constraints; the results of each plan (service, operating statistics and operating cost); recommended facilities changes (their cost, expected benefits and time to implement); and commentary on the relative strengths and weaknesses of the plan. There is no written report; the work product is in the form of computer printouts.

Freight Car Planning for ConRail, Strong, Wishart & Associates, Inc., 50 California Street, San Francisco, California,

January, 1975 (NTIS Accession No. Volume I-PB 239027, \$5.25; Volume II-PB 239028, \$7.00)

This study examines methods of improving equipment utilization within various network configurations and estimates the magnitude and impact of the potential improvement. Included in the study is an examination of whether additional freight cars are needed and whether car repair or building capacity should be increased. The contractor defines alternative strategies for meeting car requirement needs and makes recommendations on effective options.

Appraising the Viability of ConRail, Strong, Wishart & Associates, Inc., 50 California Street, San Francisco, California, August, 1974 (NTIS Accession No. PB 239026, \$5.75)

This study identifies the principal operating, marketing and investment problems to be overcome for ConRail to improve rail service and earnings. A financial planning model is used to project operating and financial results for ConRail under varying network assumptions and operating plans being tested. The study further describes a detailed approach to planning ConRail operations with a view toward achieving ConRail financial self-sufficiency.

Forecast of Traffic and Revenue 1974-1980, Temple, Barker & Sloane, Inc., 15 Walnut Street, Wellesley Hills, Massachusetts, October 1974. (NTIS Accession No. Volume I-PB 239022, \$6.25; Volume II-PB 239023, \$8.50; Volume III-PB 239024, \$5.75; complete set—PB 239021—set, \$18.00)

This study analyzes present and projected traffic and revenues in the Region from 1974 to 1980 and through 1985. The contractor developed two forecasts—the first based on the present level of physical plant and the second based on the volumes of tonnage and revenues that could be realized if capital were invested to upgrade facilities and service significantly.

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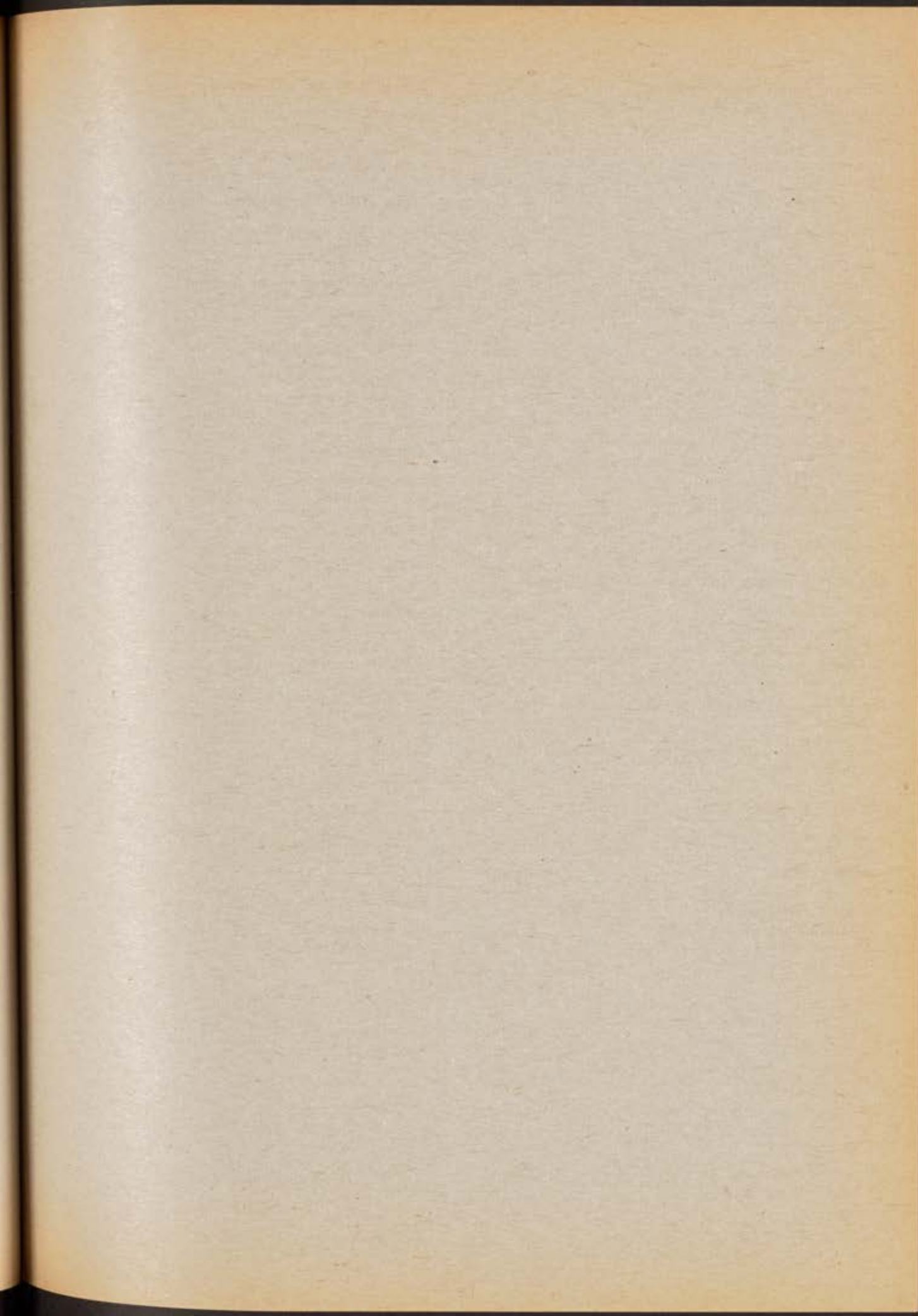
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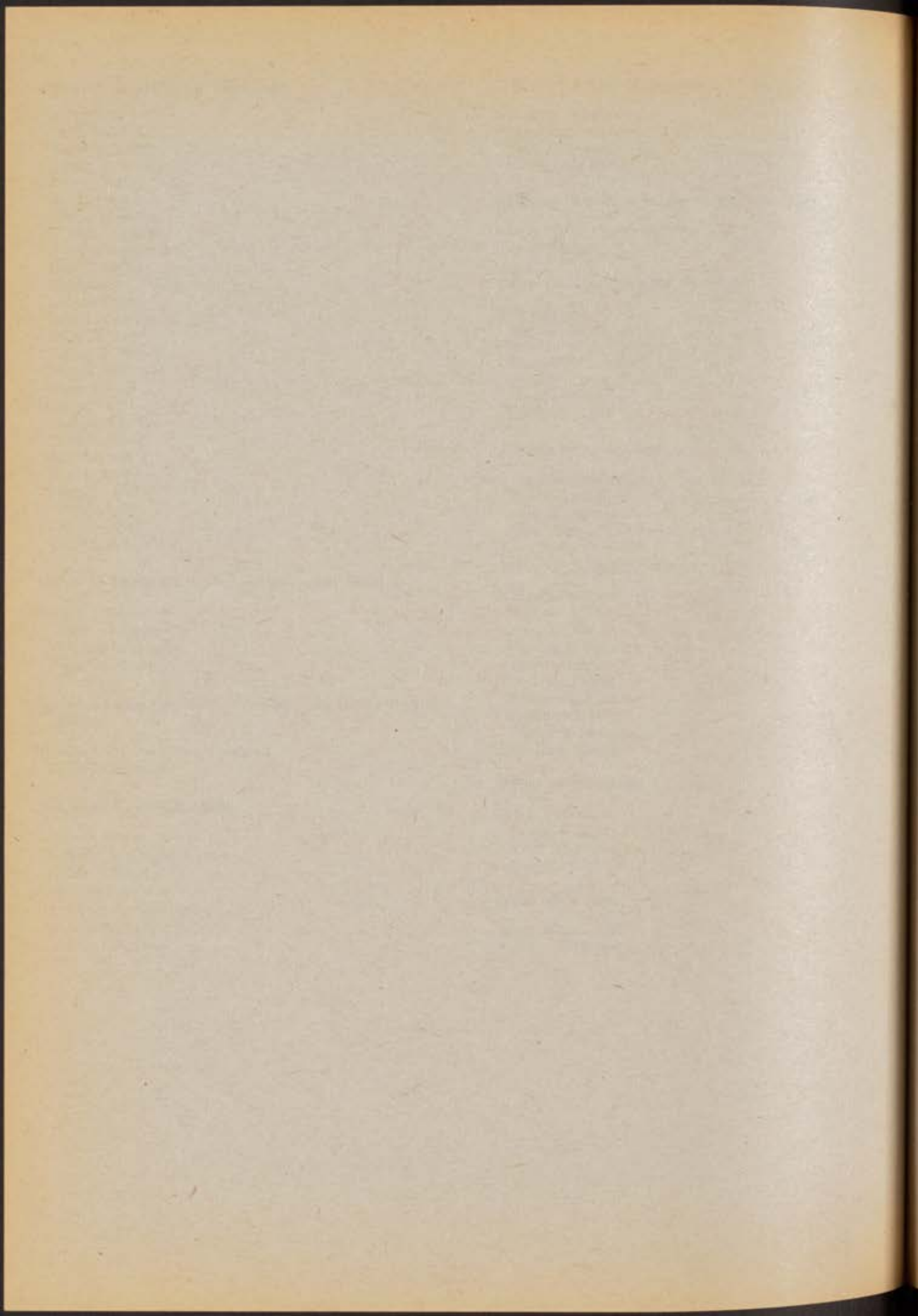
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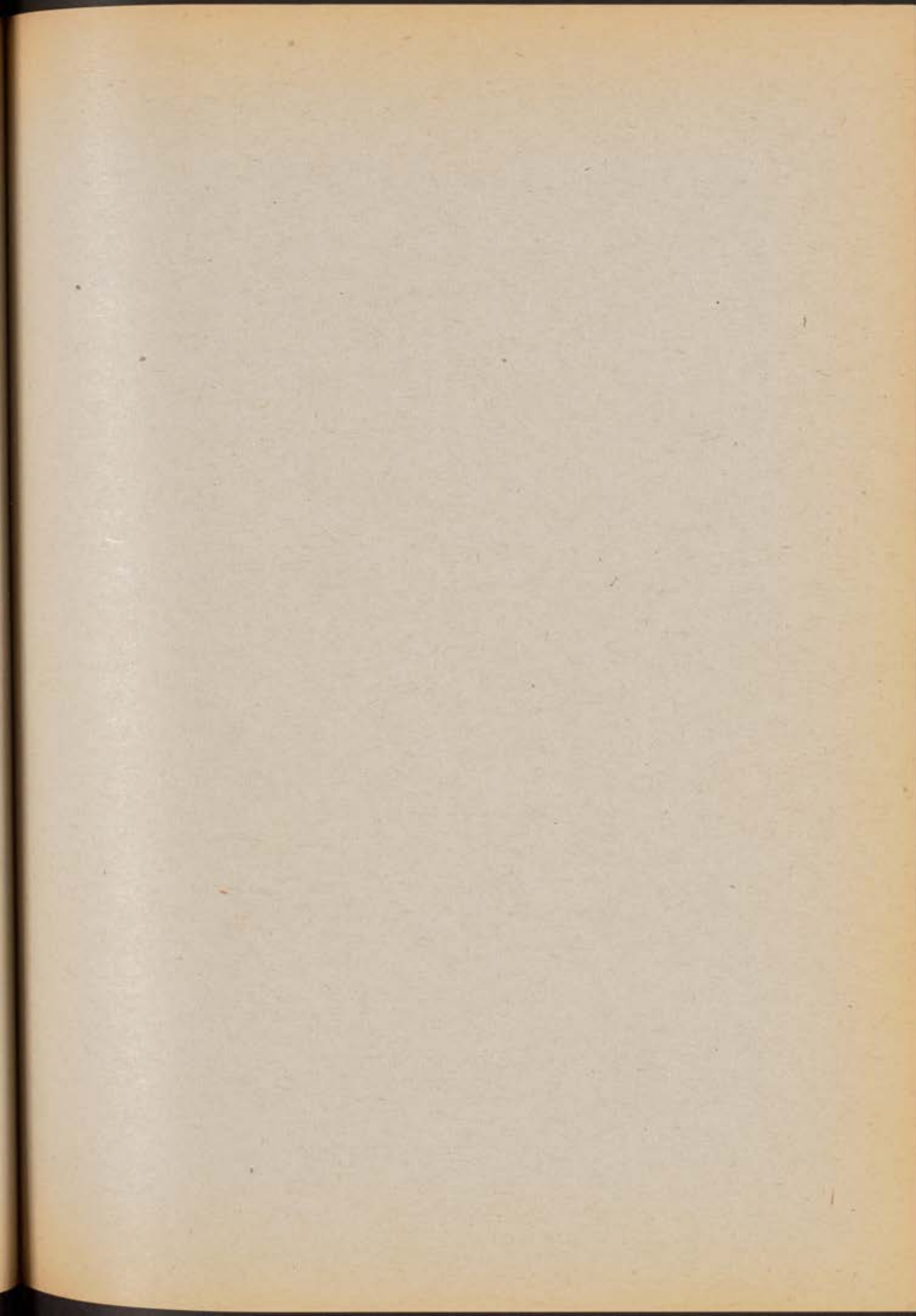
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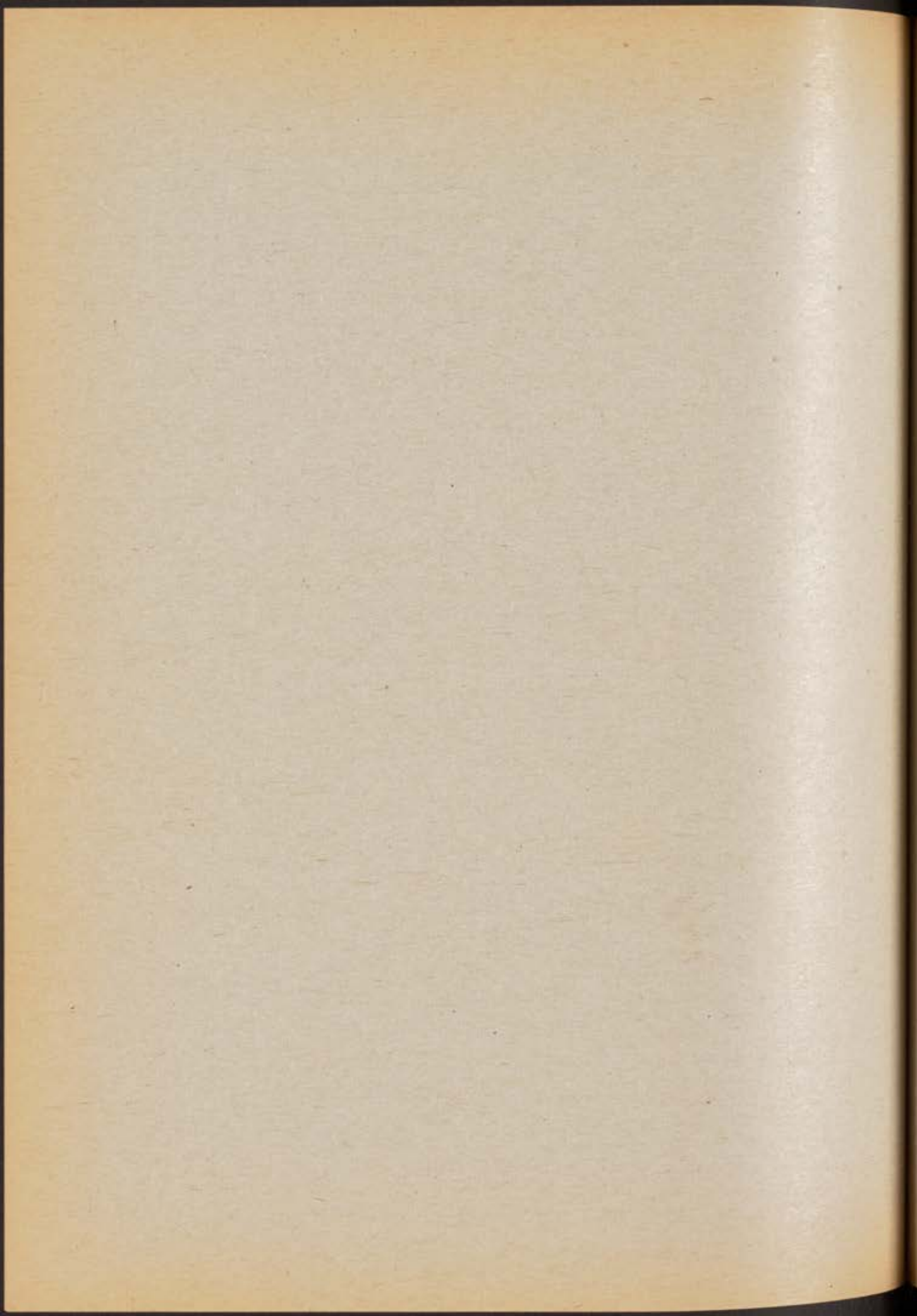
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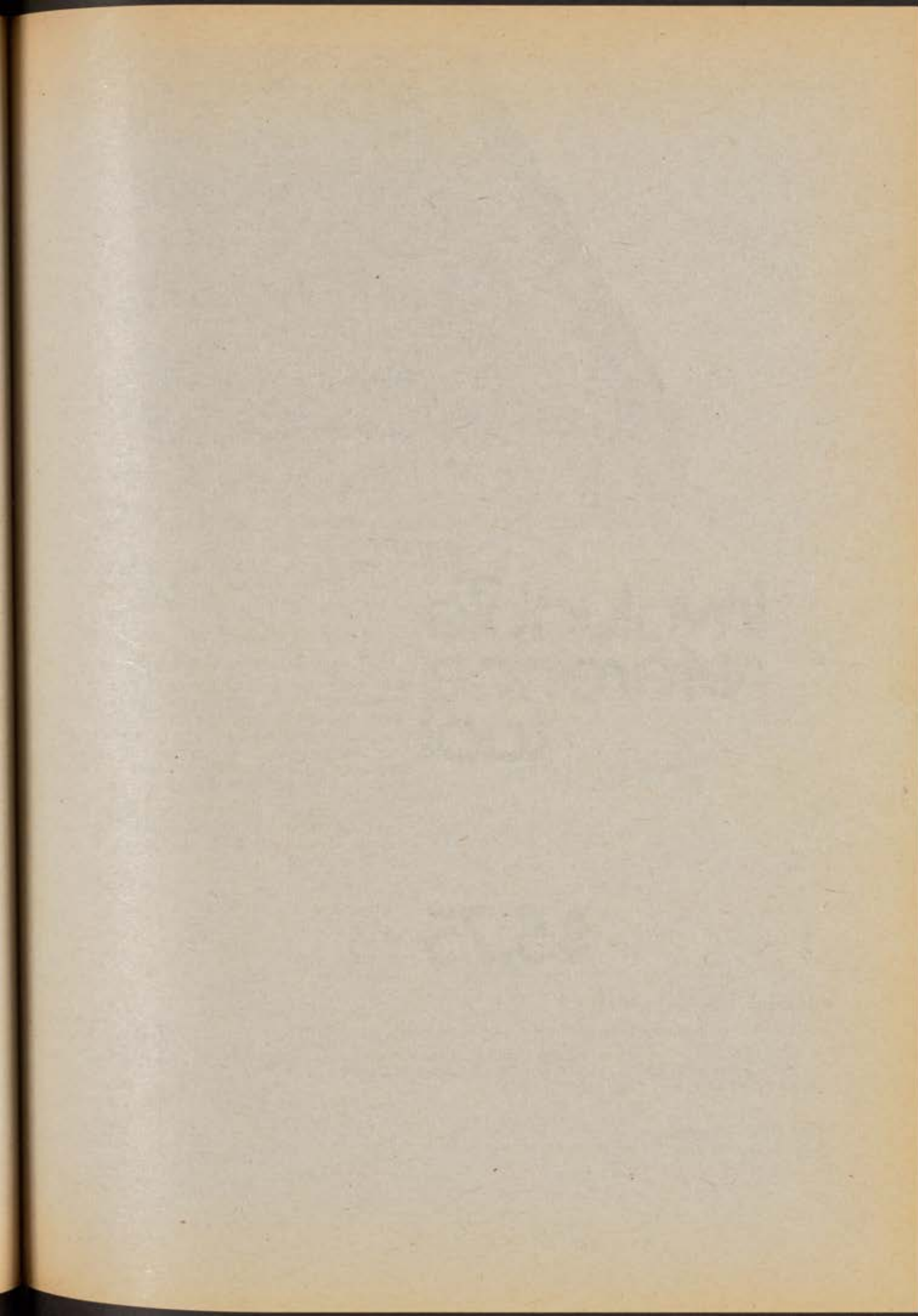
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Volume 40 ■ Number 43

PART II

Volume 2—Section 1



U.S. RAILWAY ASSOCIATION

PRELIMINARY SYSTEM PLAN

Identification of Necessary Rail Services
in the Midwest and Northeast Regions,
and Proposed Restructuring,
Rehabilitation and Modernization

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PRELIMINARY SYSTEM PLAN, VOLUME II
for restructuring
Railroads in the Northeast and Midwest Region
pursuant to the
REGIONAL RAIL REORGANIZATION ACT OF 1973

February 26, 1975

The Preliminary System Plan has been divided into two volumes. Volume I contains the full presentation of the Preliminary System Plan except for detail on several issues relating to USRA's local-service, light-density line analysis. Volume II deals exclusively with the light-density line issue, and the material in Volume I pertaining to light-density lines is repeated in this volume.

Volume II is composed of Parts 5 and 6 of the full report. Part 5 includes the following:

Chapter 16, The Problem of Light-Density Lines

This chapter discusses the light-density line issue in detail, with particular emphasis on the potential impact upon shippers and communities in the Region. In part, this chapter includes text found in Chapter 7.

Chapter 17, Light-Density Line Study Procedure

This chapter defines the method used to compare the costs of providing safe and efficient rail service with the actual revenues from existing or projected traffic over each branch line.

Chapter 18, Railroad Marine Operations

This chapter explains the methods used to analyze car-ferry operations which, in essence, were considered as light-density branch lines and subject to the same analytic procedures.

Part 6 includes the following:

Appendix J, Community Impact of Rail Service Abandonment

The Public Interest Economics Center, under contract to USRA, considered the relationship of curtailed rail service to job losses and associated increases in unemployment and community benefit costs in the Region. This Appendix summarizes the way these economic effects were analyzed at the individual county level.

Appendix K, Line-by-Line Analysis and Recommendations

This Appendix presents information gathered from railroads, shippers, public officials and the general public which was the basis for recommendations for inclusion of specific light-density line segments in the ConRail system.

TABLE OF CONTENTS

VOLUME I

FOREWORD by ARTHUR D. LEWIS

PART 1 Background and Summary

Chapter		Page
1	The Economic Decline of the Railroad Industry.....	1
2	Goals and Issues Underlying the Preliminary System Plan.....	11
	Summary and Conclusions.....	17

PART 2 Presentation of the Preliminary System Plan

3	The Regional Rail System.....	31
4	Coordination with Solvent Railroads.....	51
5	Operating the Restructured Rail System.....	55
6	Facilities and Equipment Evaluation and Planning.....	69
7	Light-Density Lines and Their Impact on Communities.....	95
8	Intramodal and Intermodal Competition.....	107
9	Marketing Rail Freight Service.....	123
10	Availability of Service by Alternate Modes.....	137
11	Factors Affecting Environmental Assessment of the System Plan.....	145
12	Manpower Requirements and Policies.....	157
13	Passenger Service in the Region.....	167

PART 3 Financial Assessment of the Preliminary System Plan

14	Financial Analysis of the Preliminary System Plan.....	193
15	Financial Programs Under the Act.....	213

PART 4 Appendixes

A.	The Regional Rail Reorganization Act of 1973.....	221
B.	Financial Condition of the Railroad Industry.....	243
C.	Industry Structure.....	251
D.	Coordination Projects.....	259
E.	Operations Planning Studies.....	277
F.	Intermodal Services.....	295
G.	Concept for Passenger Service.....	303
H.	Federal Subsidies to Non-Rail Transportation.....	309
I.	Selected Sources.....	321

VOLUME II

PART 5 Light-Density Lines and Railroad Marine Operations

16	The Problem of Light-Density Lines.....	327
17	Light-Density Line Study Procedure.....	345
18	Railroad Marine Operations.....	353

PART 6 Appendixes

J.	Community Impacts of Rail Service Abandonment.....	369
K.	Line-by-Line Analysis and Recommendations.....	379

TABLE OF CONTENTS

1. Introduction	1
2. Theoretical Framework	10
3. Methodology	25
4. Data Collection	40
5. Results	55
6. Discussion	70
7. Conclusion	85
8. References	100
9. Appendix	115
10. Glossary	130
11. Index	145

VOLUME II — PART 5

**Light-Density Lines Study
and
Railroad Marine Operations**

VOLUME II - PART 2

Light-Covered Lines Study

and

Harford Marine Operations

16

The Problem of Light-Density Lines¹

A review of the history of rail service in the Region shows that in early years the rail industry was dominated by local, short-haul traffic. In more recent years, however, as local and regional characteristics began to shift, the rail system lost valuable traffic to alternative modes, primarily trucks. Ultimately, some rail lines which at one time were self-sustaining could no longer generate sufficient traffic and produce adequate revenues to contribute financially to the system.

The 93rd Congress, in composing the Regional Rail Reorganization Act of 1973, endorsed a two-pronged approach to restructuring the bankrupt system: create a financially self-sufficient, for-profit, private corporation (Title III) and maintain essential, but unprofitable, services through a program of rail service continuation subsidies (Title IV).

It was apparent during Rail Services Planning Office public hearings in 1974 that the abandonment of light-density, unprofitable branch lines would have detrimental impacts. The magnitude of such impacts is difficult to measure—especially if the measurement is prospective rather than historical. Based on preliminary analysis, the Association believes that subsidization can ease some of these effects. The total subsidy figure (both federal and local share combined) will not exceed the funding authorized in the Act for the first two years of ConRail's operation.

¹ A major portion of this chapter also appears as Chapter 7 in Volume I.

This chapter discusses the light-density issue in detail, including the potential impact upon shippers and communities in the Region. USRA has attempted to provide the data and the tools necessary for communities to assess the effects of discontinuance of rail service or diversion to alternate modes. The chapter also presents the alternatives for states, local jurisdictions and private industry to consider in dealing with light-density lines.

Of all the issues raised since Congressional enactment of the Regional Rail Reorganization Act of 1973, none has been the subject of more discussion and debate than the future of the light-density or branch-rail lines.

The Department of Transportation Report was issued on February 1, 1974. It labeled 15,575 miles of the 61,000 miles of track it studied as potentially excess. Since that time, the testimony of the public at the RSPO hearings and the January 10, 1975, RSPO comments on the Report focused on the light-density line issue. What is the problem, and what are its dimensions? What is the solution in the Preliminary System Plan, within the limits of the Act?

Light-Density Lines in Perspective

At the time of the original rail construction in the Region, trackage networks of individual railroad companies were small—designed to meet the real or anticipated requirements of a limited area. Track connections were built almost at random between communities to facilitate the flow of goods and to permit competition with other railroads. There was no overall regional design to the rail network. Local service and local traffic flows dominated the business.

The Nation's population, industry and commerce were concentrated in the area bounded by the Mississippi River on the west and the Ohio River on the south, and consequently the rail system was far more comprehensive in the Midwest and the Northeast than in the rest of the country.

Even before the maximum system size was attained in 1916, the composition of rail services was changing. As natural resources in an area were exhausted, or as production locations shifted, or as anticipated demands for certain services failed to materialize, the need for rail service changed. Thus, even though there was growth in the overall rail system, service was being withdrawn from some areas.

The industry's rapid unplanned expansion and over-extension created many lines which never were economical, but of far more significance to unprofitable operations have been the technological development of alternate modes of transportation, the shifts in production

and distribution technologies or locations and shifts in the final demand for goods and services. Often these factors moved together.

Development of the motor-carrier industry, for example, reflected improvements in the basic technology of that form of transportation (including the construction of modern highways), and produced shifts in location of economic activity to suburban areas and rapid growth of light manufacturers and services relative to heavy manufactures and mining (see Chapter 1). Similarly, pipeline operations achieved large increases in technological efficiency during the shift from coal to petroleum fuels and produced the relocation of much economic activity from the Northeast to the Gulf states.

A major factor was the extensive development of inland waterways which diverted from rail services a large volume of bulk products. As a consequence of these changes, traffic which had been carried almost entirely by the rail industry was captured by competitive modes, causing readjustment problems for the Northeast and Midwest Region in particular. These fundamental, structural changes are continuing today.

The rise of the trucking mode is of greatest importance with respect to intermodal competition and demand shifts and their impact on light-density lines. As the railroads themselves had once been a revolutionary force in facilitating the development of previously inaccessible areas, the development of modern highways and the motor-carrier industry has revolutionized the transportation patterns in the Region. The improvement of "farm to market" roads and the highway network generally made agriculture and small manufacturing less dependent upon small rural communities and their rail lines serving them.

Traffic originating from these communities became more suitable to trucking than rail service; often rail lines in agricultural areas were left with no traffic other than once-a-year movements of crops. Highway improvements also promoted a vast increase in private auto ownership and resulted in the virtual disappearance of local rail passenger service.

Improved highways and the rise of the motor-carrier industry permitted decentralization of much

urban-based commerce. Heavy manufacturing and shipping activities had clustered around rail facilities located in the central city, but the development of efficient motor carriers and modern highways accelerated migration of industrial activity and population from city centers to the suburbs and from the Northeast and Midwest to the South and West. These relocations often reduced the distance which commodities had to move, thereby enhancing the ability of motor carriers to compete effectively for the traffic.

Redundant rail capacity has resulted, too, from changes within the rail industry itself. One factor was direct increases in capacity brought about by such improvements as centralized traffic-control systems, automated yards, larger freight cars and more powerful locomotives. Another factor is that reorganizations of the industry—in particular, railroad mergers and traffic reroutings—made some trackage unnecessary.

The industry has sought lower unit costs through better utilization of equipment and economies of scale. Mergers were undertaken to attain the traffic levels and system size thought necessary to realize these economies. Mergers, particularly when they involved parallel rail carriers, presented opportunities to downgrade or retire one of two main lines, plus internally redundant feeder and branch line systems that were an amalgamation of the lines of the merged entities. Traffic rerouting and service restructuring often eliminated the economic justification for what had been main and secondary lines.

In sum, the Region's rail system has long faced a transition problem of substantial proportions. Rail lines which at one time were self-supporting have been left with inadequate traffic and revenue. Many such lines remain today, still draining the financial and competitive strength of rail carriers.

Railroads Try To Adjust

Railroads have engaged in a number of practices to adjust to the redundant capacity which developed from the processes of the past and which continue today. These efforts include service reduction, deferral of maintenance, internal cross subsidies and the abandonment of lines.

Reduction of service is an almost automatic—albeit usually lagged—response to a decline in traffic. Train service typically is scheduled; those schedules are adjusted after traffic declines are noted and identified as permanent. The effectiveness of this approach is tempered by two factors. First, service reductions may have the effect of forcing some of the remaining traffic to motor carriage, thereby further eroding the financial condition of the line. Second, limited service reductions often result in only minor savings.

Deferral of roadway maintenance also tends to be an automatic but lagged response to a decline in traffic,

especially when the carrier's earnings are low. Reduction in roadway maintenance levels reduces operating expenses in the near term, with little or no impact on revenues in the short run. This process can be called gradual disinvestment.

Railroad profits closely follow general trends in the economy. Since internally generated cash flow is almost the only source of funds for maintenance-of-way, it is general industry practice to defer maintenance during periods of low earnings and to try to catch up when earnings are high. When maintenance is deferred for long periods and when the level of catch-up maintenance fails to equal accumulated deferrals, the basic plant deteriorates, and the ability to provide service is reduced with a consequent adverse effect on revenues. The cycle tends to be self-generating and, if continued long enough, facilities deteriorate until safe operation is impossible without improvements to the plant.

By definition, wherever a continuing service fails to cover its costs, an *internal cross subsidy* results (see Chapter 2). Deficits produced by such services are offset by higher rate levels on other services or by erosion of shareholders' equity. Cross subsidies can be justified only where the service being supported is likely to revive and return to profitability in the near term. Prolonged cross subsidy benefits neither the carrier nor, obviously, other shippers who must pay higher rates.

Deferral of roadway maintenance results in an erosion of shareholders' equity and can be maintained only for a limited period if the investment base is to be maintained. Continued erosion has a dual adverse effect. First, erosion of the equity inevitably affects the ability to provide service. Continuing erosion has an impact first on the secondary lines and services and then on the primary facilities, such as heavy-density main lines. Second, lower profit levels associated with cross subsidies will raise the carrier's cost of capital and limit its ability to replenish and revitalize the eroded investment base.

The final course of action available to a railroad is *abandonment*. Since 1920, the Interstate Commerce Commission has had authority to control the abandonment of rail mileage. The abandonment procedure involves the preparation and submission by the railroad to the ICC of an application containing information pertaining to the line and the size of its reported deficit and the carrier's financial ability to bear the loss.

The ICC may hold public hearings on the proposal before weighing the evidence and deciding whether retention of the line meets the test of "public convenience and necessity." Since passage of the National Environmental Policy Act of 1969, and as a result of subsequent court cases, the ICC must also prepare an environmental impact statement on the abandonment decision (see Chapter 11).

An inadequate and protracted adjustment process hurts the shippers and communities served as well as the carriers. Declines in the quality and quantity of rail service and increased cost and rate levels speed the process of industry outmigration and limit the ability to attract new industry. This, in turn, gradually affects the individual community and its population and employment base. These effects are considered in more detail in the latter part of this chapter.

Service Discontinuance in the Past

The filing of abandonment applications has been cyclical, reflecting carrier earnings levels and inability to continue cross subsidies. The limited abandonment activity between 1920 and 1927 reflected satisfactory profit levels and little intermodal competition. Between 1928 and 1941, however, there were a great many abandonments due to the decline of traffic during the Depression and the effects of motor carrier competition.

Between 1942 and 1953, abandonment activity slowed amidst a surge of freight and passenger traffic. In addition, in 1942 the Supreme Court upheld the right of the ICC to include employee protection conditions in abandonment authorizations. This changed the rules for abandonment and reduced the potential cost savings.

Abandonments were at a relatively high level between 1954 and 1969, reflecting the advent of the Interstate Highway System and several economic downturns during the period. Since 1969, there has been an increase in abandonment applications as a consequence of the continued diversion of traffic to competing modes and the industry's depressed earnings level.

Between 1920 and 1970, railroads filed 4,473 abandonment applications involving 73,555 miles. In the majority of instances, the abandonment petition was approved. Carriers have become sophisticated in predicting which applications will be approved—hence the high success rate.

If a carrier is uncertain of the outcome, it usually will choose to continue the line in operation but reduce maintenance expenses, impairing service which in time may be reduced to the point of *de facto* abandonment. When a line finally reaches the abandonment process, it usually affects little traffic directly and the cost of rehabilitating facilities makes the abandonment decision a clear-cut one.

The abandonment process has been less than adequate. Until the ICC adopted new procedures, including the so-called "34-car rule," hearings and review of public convenience factors were undertaken separately for each application. Each line was considered in isolation from other uneconomic trackage operated by the carrier or by all carriers in a given area. There was little or no interactive planning among the various railroads and with the affected communities in a geo-

graphic area. For this reason, continuation of the piecemeal abandonment process could well result in the loss of more service than is necessary.

Of equal importance, however, to a full understanding of the problem is that gradual extension throughout the Region of that process of *de facto* abandonment mentioned above. This has happened to far too many shippers and communities—often almost without their notice. No shipper or community is well served by a continuation of such a practice, and it is the Association's desire—as hereinafter developed—not only to halt such a practice but gradually to improve rail service on those branch lines which do pass the test of economic viability as promptly as the availability of material will allow.

USRA and Light-Density Lines

The light-density line issue presented USRA with a significant challenge. The 1974 DOT report dealt with solvent as well as bankrupt carriers, but the Association's planning is limited to the light-density lines of the "railroads in reorganization" under the Act. The DOT report found 15,575 miles of the 61,000 miles of track it studied as "potentially excess." USRA found 9,600 miles of track of the bankrupt railroads as appropriate for study. Of that amount, about 3,400 miles have been recommended for inclusion in ConRail. The remaining 6,200 miles of track are available for subsidy under Title IV of the Act. USRA evaluated such light-density lines in light of its congressional mandate to provide "adequate service" through an "economically viable" rail system.

The debate in Congress on the Act and the committee reports are replete with references to the "for profit" operating company (ConRail) to be created under the Act. Subsequent Special Court and Supreme Court decisions have made clear USRA's responsibility to follow this directive of the Congress, while pursuing as well the other goals set forth in the Act. Clearly it must plan for an economically viable ConRail. Failure to do so would leave Congress and the Nation exactly where they were in 1973—with bankrupt carriers.

Some have asserted that the light-density line problem is the critical issue for the bankrupt carriers; others contend that the problem is insignificant. While other areas exist where the impact on net income is as great as that caused by light-density lines, the deficits from branches are nevertheless significant; estimated losses are at least \$38 million a year. A lower deficit can be assumed only by accepting the premise that services should continue over facilities which are so debilitated that they fail to meet safety standards for 10 m.p.h. operation, a premise which can only result in their ultimate abandonment when the plant becomes totally inoperable. The estimated costs to ConRail are predicated on maintenance sufficient to maintain safe opera-

tions at 10 miles an hour. The implications of such losses on ConRail viability are significant.

The inclusion of all light-density lines in the ConRail System would require a "cross subsidization" of the service provided on those lines that do not generate revenues adequate to cover costs. Cross subsidy is the process through which money-losing services are continued in operation by using profits from other service. When the railroads were, in effect, a monopoly insofar as transportation of freight and people were concerned, this was a valid concept. The monopoly power was accepted in part because it provided subsidized services at no cost to the government.

The basic factors which have adversely affected the profitability of the rail industry are discussed elsewhere. (see Chapter 1). They have reduced the economic base that allowed the railroads to provide internal subsidies to deficit services. Railroad companies through lower profits and shippers through higher rates have carried the brunt of the cross subsidy load.

The cross subsidy concept has lost its validity in the railroad industry. Once defensible and rational, cross subsidies now, including those for branch lines, are threatening the existence and reducing the quality of service in the railroad system. Accordingly, the Association explicitly rejected the cross-subsidization concept, determining that, in the context of the Act, to do otherwise would be inimical to the goals of the Act.

A correlation between light-density lines and the viability of the restructured system is made by the Congress and the courts. The House Interstate and Foreign Commerce Committee report on the Act states: "The Committee recognized the necessity for 'slimming down' the system allowing Northeast systems to throw off the excess trackage in an effort to become profitable." (House Report 93-620 p. 28). There are numerous references in the congressional debate on the Act concerning the need to reduce the size of the system (both duplicative lines and uneconomic light-density lines) if the mandate of a financially self-sustaining rail system is to be achieved. The Supreme Court viewed the problem this way: "Congress concluded that solution for the crisis required reorganization of the railroads, *stripped of excess facilities*, into a single viable system operated by a private, for-profit corporation." (Emphasis added) (Regional Rail Reorganization Act, slip opinion, December 16, 1974, pp. 3-4.)

In discussing the Tucker Act remedy, the Special Court noted that Court of Claims judgment could be "nonexistent and . . . need not be large" if the Association follows a "sufficiently hard-nosed course [in dealing with unprofitable services] and Congress allows a sound plan to become effective." (Special Court Regional Rail Reorganization Act of 1973, slip opinion, September 30, 1974, ft. 98 p. 92).

In view of the legislative history and the subsequent court interpretations of congressional action, there can be little doubt that USRA must present a plan that requires economic self-sufficiency of the light-density lines to be included in the ConRail system.

Reconciling the Goals of the Act

It is important to note that the eight goals of the Act apply to the entire Federal System Plan. It would be a gross distortion to attempt to apply them individually to any single aspect of the Plan or, carried to an extreme, to each individual light-density line.

Some of the goals themselves are in conflict, and it is impossible to give them all equal weight. Adjustment and accommodation being inevitable, USRA has sought to balance the Act's objectives and goals. What became clear in the process was the fact that, unless a viable system is achieved, the other goals of the Act could not be achieved.

Congress apparently recognized the primacy of the goal of economic self-sufficiency, particularly with regard to light-density lines. The House Interstate and Foreign Commerce Committee report on the Act stated: "It recognized the need for safeguard for small areas, to be able to continue essential service which is not economical for the carrier. This was recognized as a social cost to be borne by the government." (House Report 93-620, pp. 28-29). To provide the necessary public support, Congress included the "Rail Service Continuation Subsidies" authorized by Section 402 of the Act.

Light-Density Line Alternatives

Even though Congress, the DOT report, and railroad experts all assumed that the regional rail system was over-extended with excess capacity and that profitability was inexorably tied to the elimination of uneconomic service, USRA did test that assumption.

It is the Association's judgment that the light-density lines are a significant part of the total industry problem in the Region. The overcapacity of the system, the overlapping service areas of the bankrupt carriers, the extremely poor physical condition of the light-density lines, the amount of money and material needed to upgrade the track, the operating deficits on the light-density lines—all made clear the impossibility of building a restructured system with service continuing on all branch lines.

After reaching the conclusion that the goals of the Act could not be met by including all light-density lines in the restructured system, the Association then had to decide which branch lines to recommend for inclusion in ConRail. To exclude every line that failed to show a profit would have eliminated lines that could become financially self-sustaining with small revenue increases and relatively short-term traffic growth. Pru-

dent business management compels inclusion of such lines in the ConRail system.

Also rejected was the alternative of transferring all unprofitable lines to solvent railroads in the Region. Not ruled out, however, was the transfer of individual lines in which a solvent carrier may be interested. The Association will provide any interested solvent carrier with all of the data in its possession to assist in the evaluation of the transfer of individual lines from bankrupt to solvent carriers. It must be emphasized, however, that such actions by solvent carriers are voluntary and cannot be mandated by the Association.

The Act, its history and the interpretative judgments of the courts left the Association with only one realistic alternative. That is including financially self-sustaining lines or those likely to become so in the near term in ConRail and making the other lines available for the rail continuation subsidies authorized by Title IV of the Act. In addition, Title IV makes loans available to public bodies for purchasing and rehabilitating lines that are required, in their judgment, for social and economic purposes.

Rail Service Continuation Subsidy Program

As noted above, the Interstate and Foreign Commerce Committee Report on the Regional Rail Reorganization Act of 1973 stated:

The Committee recognized the necessity for slimming down the system—allowing the Northeast system to throw off the excess track in an effort to become profitable. It recognized the need for safeguards for small areas, to be able to continue essential service which is not economical to the carrier. This was recognized as a social cost to be borne by the government. (House Report 93-620, pp. 28-29.)

Title IV provides the means by which essential services may be continued through governmental assumption of the social costs.

Rail service continuation subsidies can be used to cover the "costs of operating adequate and efficient rail service, including where necessary improvement and maintenance of track and related facilities" (Section 402(j)). The federal government share of the subsidy for any light-density line is 70 percent, with state and/or local government or shippers putting up the remaining 30 percent of the cost.

The Act (Section 401(a)) states that rail service continuation subsidies should be used where "the cost to the taxpayers of rail service continuation subsidies would be less than the cost of abandonment of rail service in terms of lost jobs, energy shortages and degradation of the environment."

Of the nearly 9,600 estimated miles of active lines under study, it appears that 3,400 miles will be recommended for inclusion in the restructured system. This means that about 6,200 miles are available for participation in the rail service continuation subsidy program.

The Act authorizes \$90 million for each of 2 years

to meet the federal share of the 70 percent subsidy cost. Of this amount, \$45 million is apportioned to the eligible states and \$45 million is allocated to the Secretary of Transportation to be distributed at his discretion.

It appears now, however, that the total cost of continuing service for the first year on *all* of the light-density lines not included in ConRail will not exceed \$88 million. It could be lower. This means that the federal share would not exceed \$27 million, with the states' share for the entire Region standing at \$11 million.

Under the Act, the Rail Services Planning Office (RSPO) has the responsibility as outlined in Section 205(d) (4) to:

... assist State and local and regional transportation authorities in making determinations whether to provide rail service continuation subsidies to maintain in operation particular rail properties by establishing criteria for determining whether particular rail properties are suitable for rail service continuation subsidies. Such criteria should include the following considerations: Rail properties are suitable if the cost of the required subsidy per year to the taxpayers is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational cost for alternative modes of transportation; the cost to the gross national product in terms of reduced output of goods and services; the cost of relocating or assisting through unemployment, retraining, and welfare benefits to individuals and firms adversely affected thereby, and the cost to the environment measured by damage caused by increased pollution.

The rail service continuation subsidy program is to be administered by the Department of Transportation. In order to become eligible, a state must undertake to meet the requirements Congress set forth in Section 402(c) of the Act. They are:

(1) The State has established a State plan for rail transportation and local rail services which is administered or coordinated by a designated State agency, and such plan provides for the equitable distribution of such subsidies among State, local, and regional transportation authorities;

(2) the State agency has the authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail services; employs or will employ, directly or indirectly, sufficient trained or qualified personnel; and maintains or will maintain adequate programs of investigation, research, promotion, and development with provision for public participation;

(3) the State provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this Title to the State; and

(4) the State complies with the regulations of the Secretary issued under this Section.

Under this Act, the Association does not have a role in determining which lines should be subsidized. Indeed, the needed planning and decision making process is clearly in the hands of the state. Nevertheless, the Association has taken certain steps which may provide assistance to the state and local governments.

A handbook has been prepared for use by state and local agencies which describes detailed procedures

which can be used to estimate the effects of the removal of a branch line on the community so as to help it reach a conclusion as to whether a line should be subsidized.

Impact on Communities and Shippers

The potential effects of the Final System Plan are both regional or system-wide and local. The Association is specifically directed to consider both.

The Association believes it is the responsibility of the states to undertake or coordinate the analyses of potentially adverse local impacts. To facilitate the most complete consideration of these potential impacts, one of the responsibilities of the RSPO is to solicit, evaluate and make available the views of the public, as well as those of state and federal officials.

Consideration of all but one of the regional impacts is contained in other chapters of this Plan. This chapter responds to Section 206(a)(8) of the Act, which requires that the Final System Plan be formulated in such a way as to minimize "job losses and associated increases in unemployment and community benefit costs in areas in the Region presently served by rail service."

The Region represents a significant portion of the Nation's economic activity, containing approximately 38 percent of the employment, 55 percent of the personal income and 48 percent of the population of the Nation. There could be a significant adverse local, industry-wide or regional impact from reductions in the size of the rail system. However, four factors serve to diminish the potential widespread impacts.

First, the planning process is directed toward the revitalization of the system as well as its restructuring, and many users will benefit greatly from improvements in rail service.

Second, the restructured system will represent a sizeable portion of the Region's rail system—a system that will continue to be extremely comprehensive even if none of the excluded lines are subsidized. Virtually all areas of the Region will continue to have access to rail service.

Third, the ubiquity of highways and the ready availability of private, contract and common motor carriage serve further to diminish the potential impacts of reductions in the size of the rail system in any given area. Depending on the costs to the shipper, motor carriers could provide the entire transportation service or a portion of it, with the joint use in some cases of rail or water carriers.

Fourth, almost by definition the adverse economic effects of abandonments tend to be minimal except for quite specific local communities and shippers that are involved directly. Lines identified for either subsidy or abandonment are by definition lines with very low traffic volume.

The formulas used by the Association almost automatically include those lines in ConRail whose volume

of rail traffic is significant. If a line does not qualify for inclusion in ConRail or for service by an adjacent profitable carrier, its volume of traffic is sufficiently low that the radius of adverse impact from abandonment is very limited.

Any adverse effects of the discontinuance of service along certain rail lines will flow into the area's economy through the impact on the specific shippers that use them. The actual magnitude of the impacts will depend on the effect of increased production costs on the firm's market and profit and on the effectiveness of management in its attempts to minimize potential adverse effects. These factors depend, in turn, on the relative importance of transportation costs to total costs, the availability and substitutability of other modes and the firm's ability to pass cost increases forward through price increases. All these factors vary from area to area and shipper to shipper.

Analysis of the potential area impacts from a reduction in the size of the rail system was undertaken by the Association with the assistance of the Public Interest Economic Center. The scope of the analysis, which is discussed at greater length in Appendix J, was dictated by two factors.

First, the analysis had to be completed prior to the development of specific recommendations concerning each line which is a candidate for inclusion in the restructured system. Therefore, the analysis had to consider the potential adverse social and economic impacts resulting from the discontinuance of service over the lines declared potentially excess by the Department of Transportation in the Secretary's Report of February 1, 1974, not the lines studied by the Association.

Analysis based on these lines significantly overstates the potential impact. A total of 15,600 miles of track of both solvent and bankrupt railroads in the Region was declared potentially excess in the Secretary's Report while the Preliminary System Plan, covering only the bankrupt carriers, would make 6,200 miles of road eligible for rail service continuation subsidies.

The second factor affecting the scope of the analysis is the magnitude of the potential adverse effects. The lines declared potentially excess have, by definition, very low usage levels. As a consequence, estimates of the potential effects at the regional and state level likely would be overwhelmed by the magnitude of the continuing activity. To obtain usable estimates, the analysis of economic impact was undertaken at the county level, and 510 counties in the Region were studied.

A more definitive analysis of the economic impact on local communities that might result from a discontinuance of rail services or from a substantially improved rail service would have been preferable. However, a more sophisticated and individualized analysis proved to be impossible because of time and budgetary

constraints. The information and evaluation derived from the RSPO hearings will be taken into account carefully as the Final System Plan is developed.

The elements subjected to analysis were the potential reductions in employment and income and the potential increase in transportation costs. The basic inputs were the employment and payroll data for the several relevant types of productive activity. Certain types of activity were excluded from the analysis because they do not make significant direct use of rail transportation. The excluded activities included fisheries, public utilities (except electricity and gas suppliers), service industries (except wholesale and retail trade), financial services and personal services such as amusement, medical and legal services.

For the remaining activities, it was assumed that, if the county would lose any rail lines, all plants in the county, whether they actually use this service or not, would be affected directly. This assumption, which overstates the potential impact, is made necessary by the aggregate nature of the data.

The actual calculation proceeded in two steps. Each industry in a county was treated initially as if all plants used the national average rail service for inbound and outbound movements. These results were then reduced by the ratio of the traffic generated on potentially excess lines to the total traffic for the U.S. DOT zone containing the involved county.

In computing the increased costs of alternative transportation, the difference between estimated rail and common motor carriers costs was used. The two most important alternatives excluded by this approach are private carriage and trailer-on-flat car or container-on-flat car service. Because increased transportation costs are the most significant impact identified by the analysis, inclusion of these two services probably would have reduced the impact.

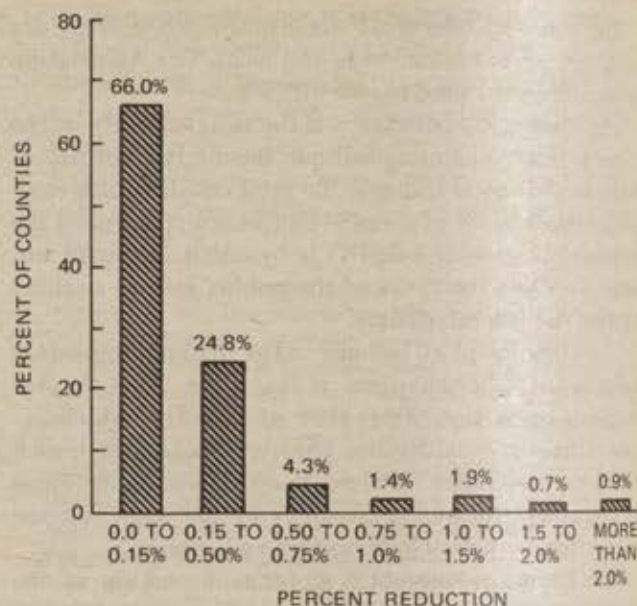
Results of the Community Impact Analysis

The results of the analysis are summarized in Figures 1-3. They indicate that the potential overall impact from the termination of rail service on all of the potentially excess lines of the DOT report represents a very small proportion of the counties' existing economic bases. Figure 1 indicates that in only 15 of the 451 counties did the estimated decrease in industrial employment exceed 1 percent. Figure 2 shows that the potential reduction in county income is less than 1 percent in 80 percent of the counties. Figure 3 indicates that the potential increase in transportation costs as a percent of income is less than 1 percent in 99 percent of the counties studied. In only 32 of the 510 counties studied do any of the projected impacts exceed 2 percent.

In short, even the most pessimistic estimates of the adverse impacts on the Region and areas within the Region indicate that the effect of the suggested reduc-

FIGURE 1.—Potential reduction in county employment after discontinuance of light-density line rail freight service

POTENTIAL REDUCTION IN COUNTY EMPLOYMENT

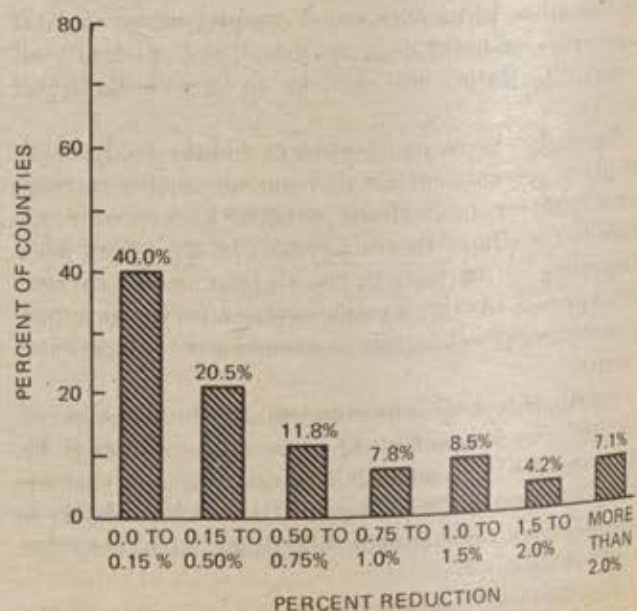


Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

tion in the size of the rail system would be negligible. In contrast, the expected benefits to the users of the remaining restructured system will far outweigh anticipated adverse impacts.

FIGURE 2.—Potential reduction in county income after discontinuance of light-density line rail freight service

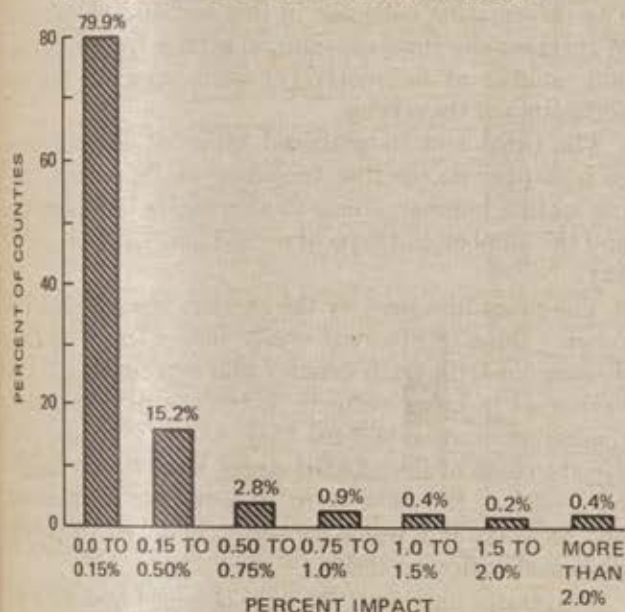
POTENTIAL REDUCTION IN COUNTY INCOME



Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

FIGURE 3.—Potential increase in transportation cost, as percent of county personal income, after discontinuance of light-density line rail freight service

POTENTIAL INCREASE IN TRANSPORTATION COST AS PERCENT OF COUNTY PERSONAL INCOME



Source: Public Interest Economics Center, *Community Impacts of Railroad Service*.

Service by Other Carriers

The Final System Plan will contain recommendations for continuation of service on light-density lines by alternative railroad carriers. Undoubtedly, there are lines that will not be financially feasible in the restructured system but would be self-sufficient if operated as part of another railroad. There are two circumstances in which alternative carrier service could achieve self-sufficiency.

First, other railroads operating in the vicinity of the line might, by a combination of geographic circumstances and markets, be able to provide service profitably. The Association will provide all available data and information to facilitate analysis by the involved carrier(s) for those lines where alternative service may be feasible. The assumption of such service by an adjacent profitable carrier is wholly voluntary and could depend on whether the railroad could gain by assumption of service.

Second, alternative railroad service might achieve self-sufficiency if operated by a short-line or Class II railroad. Short-line railroads generally have lower costs than the larger systems, principally due to lower pay scales and closer managerial attention than exists on a typical branch line.

While there is a valid role to be played by the short-line railroad, it should be recognized clearly, however, that such roles are limited. Unless there are valid rea-

sons to expect the normal economics of short-line operations to occur, as mentioned above, they may not be a good solution. Not all short lines are profitable. A short-line railroad which can survive only by inequitable revenue divisions or other indirect subsidies should not be encouraged, either directly or through subsidies.

The Association's primary interest is in maintaining as much service as possible. It will do its utmost to facilitate continuation of service on lines not included in the restructured system, whether it be by doing what it can to help states evaluate the subsidy option or making possible acquisition by solvent carriers.

Railroad Marine Operations

The marine services of the bankrupt railroads in the Region, which are discussed fully in Chapter 18, are not profitable. The large investments in new marine equipment, which are long overdue, could reduce operating costs substantially but not eliminate deficits attributable to these segments of the railroads in reorganization.

Two of the five marine operations in the Region are potential medium-density routes and, except for the New York Harbor, are routings for through freight that could move entirely by rail. The Lake Michigan car ferries serve traffic which would otherwise move through the Chicago gateway; the Chesapeake Bay float is an alternative to the Alexandria, Va. gateway and serves oversize loads; the New York Harbor car-float provides the most direct route to Long Island from the South and West.

The Association has concluded that investment in railroad marine operations would be a mistake. Promotion of all-rail routings is preferable where this is possible. All-rail land movements are considerably more energy-efficient, for example.

Alternative car float and lighterage services are offered in the New York Harbor by two Brooklyn terminal companies. There is a possibility that the Chesapeake Bay car-float operation might be taken over by a solvent carrier, such as Southern or Richmond, Fredericksburg & Potomac Line, while extending its operations into the Wilmington area. This possibility is addressed in Appendix D.

The decision of the Association to treat marine operations in the same manner as light-density lines is based on the assumption that it is a rail service for which funds provided under the Act would be available. It is assumed also that the capital costs of new or rehabilitated float equipment would qualify under the provisions of Title IV, as in the case of light-density line rehabilitation. The Association recommends that the U.S. Department of Transportation and the RSPO consider the merits of subsidizing marine operations.

How Lines Were Selected for Study

Light-density lines studied in this process were:

- Those lines of bankrupt carriers identified by the DOT report as potentially excess,
- Those identified by bankrupt carriers for possible abandonment,
- Those identified by USRA and its consultants as requiring study.

The Association also studied lines which had been abandoned formally under ICC hearings in order to develop a completely accurate definition of the systems of the bankrupt carriers at this time.

Altogether, the Association identified 844 light-density line segments and 11,800 route miles for study. (This does not include any light-density lines of the Erie Lackawanna.) Of these, 540 segments constituting 9,600 miles of service are currently in operation, and 176 line segments constituting 1,200 miles have already been abandoned under ICC procedures. Finally, 128 segments covering 1,000 miles are not currently being served, although these have not been formally abandoned.

As these lines were identified for analysis, the appropriate state agency was notified by the Association and the reasons for the line's inclusion discussed.

Information Collected

Each branch line selected for study was identified to determine its exact location. Specific data concerning costs of serving the line as well as the revenue it generated were provided by the railroads serving the segment, individual shippers, concerned citizens and state and federal agencies. Information also was developed at the hearings sponsored by the Rail Services Planning Office in the spring of 1974. The testimony included general comments concerning the report of the DOT, comments concerning the methods employed and comments pertinent to individual zones or line segments. The various state and federal agencies involved in the planning process also supplied useful information and technical assistance to the Association.

When analyzing each branch line as USRA did, the key questions to be asked are: What are the costs of continuing service? Will there be sufficient line-generated revenue to cover these costs? What is the near-term traffic growth potential of the lines? Are there recoverable fossil fuel deposits on the line?

Because the use of generalized rather than individualized data was a major criticism of the DOT report, USRA devised a data collection system that individualized all information for each separate light-density line.

A detailed questionnaire was developed. The first section covered the physical characteristics of the line itself, including: length; counties serviced; rail, tie and ballast type and condition; grade crossing location(s); type and location of any structures; type of signal sys-

tem; siding and yard track locations and length; number of ties and miles of rail required to meet FRA Track Class I and II standards; operating restrictions; available alternative rail service; and right-of-way width.

The second section of the questionnaire covered characteristics of the freight service provided over each line. The information collected in this section included type of train service involved, annual service frequency, type and number of locomotive(s) used, crew size and the end points of the service.

The third section gathered information concerning each shipper on the line, including name, location, billing station number, access to alternative transportation and the number and type of owned and assigned cars, if any.

The procedure used by the carriers in completing the forms typically involved onsite inspection of the line, discussions with train masters and superintendents and review of in-house records. When the completed questionnaires were returned, they were copied and provided to each of the affected states, FRA and the RSPO. In addition, the data were reviewed for completeness and accuracy and, where necessary, questioned data were discussed with the carrier.

Rail traffic data for 1973 were obtained from the waybill abstract file maintained by each carrier. The abstract file contains, for each station, the carloads and tons of each commodity shipped and received and the revenue received by the carrier. These data were checked, validated and made accessible on magnetic tapes. These data also were made available to each state in the Region to facilitate its planning processes.

In July 1974, a technical task force comprised of representatives of the several states, the Rail Services Planning Office and the U.S. Department of Transportation was established for the purpose of facilitating the exchange of ideas. Meetings of this task force have dealt with the data and information used in the analysis, proposed analytical procedures and recommendations. In addition, contacts were initiated with such federal agencies as the Departments of Defense, Transportation, Commerce and Interior to facilitate their direct involvement in the planning process.

Throughout the planning period, a major effort was made to add to the data base as additional material was received from shippers, shipper groups and community organization concerning the lines under analysis. As these data and information were received, it was reviewed and placed in files created for each line being studied to enable continuing access and consideration throughout the planning process.

Determining Branch Line Viability

There are many ways to approach the analysis of rail line viability. The three primary approaches are those of the ICC, British Rail and the Canadian Transport

Commission. The procedure generally accepted by the ICC involves the use of the fifty (50) percent rule.

This approach has not been adopted because there appears to be no basis for the assumption that off-branch costs are 50 percent of the pro-rated revenue. Verification of this rule would require development of detailed off-branch costs which, once developed, should be used directly instead of being converted to an inflexible and often inaccurate allocation ratio.

The British approach to analysis of line viability was reviewed. The lack of detailed explanation, the different institutional setting and the lack of comparability between the transportation infrastructures in the two countries precluded adoption of the British approach.

The procedures followed by the Canadian Transport Commission seemed most appropriate, and the Association developed a program similar to it in many respects. The National Transportation Act of 1967 established, under the control of the Canadian Transport Commission (CTC), a program of branch line subsidies similar to that contained in the Act. The carrier must submit an abandonment application to the Commission. If the Commission determines that the service should be continued, a subsidy is provided to the carrier.

The contents of the abandonment application are prescribed by the Commission. Cost information is prepared in accordance with procedures proposed by the carrier and accepted (as modified) by the regulatory body. Under this procedure, the deficit reported in the application becomes the basis for the subsidy, subject to adjustment based on actual operating experience and verification of the reported costs by the CTC.

The viability analysis involves a comparison of the revenue generated by the traffic on the branch line to all costs incurred on-branch, plus the variable cost of handling the traffic off-branch. In the costing procedures developed for use before the CTC, each cost element had to be proven to be variable in order to be included in the calculation. The carriers have approximately 1,200 unit cost factors which enter into the cost equations.

The on-branch costs include crew wages and fringe benefits; locomotive ownership, repair and operating costs; freight car (including caboose) ownership; repair and operating costs; maintenance of way costs; net salvage value of the line; the cost of capital; taxes; and building ownership and maintenance costs. The off-branch costs basically include switching costs, train costs consisting of the costs of locomotives, crews, cabooses, train supplies and freight cars, and maintenance-of-way costs.

The Association's Approach

The general approach adopted by the Association parallels that used in Canada. This approach appears to be the most accurate and detailed of any reviewed.

The technical procedures adopted by USRA differ significantly from those used in Canada, due to insufficient time for completing all the research necessary for such a detailed analytical tool. The Association, however, believes the data that were gathered are accurate enough for sound analysis of branch line profitability. The procedure developed by the Association is as follows:

First, lines were isolated which, by their obvious characteristics, appeared to be submarginal.

Second, the latest data were collected on current traffic and revenues, future traffic possibilities, current condition of the tracks and facilities, cost of rehabilitation, service characteristics and the name and location of shippers on each line. Data and information from the hearings conducted by RSPO were identified by line segment, as was information about specific operating problems and shipper concerns which was gained informally during the year.

Specific costs which could be attributed to each branch line were developed, and an estimate was made of the directly variable operating costs which would occur on the mainline in consequence of the traffic moving to and from the branch line. This step included analysis of the costs of upgrading the branch line to FRA Class I track standard and the costs of maintaining tracks to this standard over a period of time. Also included were the costs of capital specifically utilized on the branch lines and property taxes paid, if available.

Third, each line was then analyzed to determine whether revenues currently generated by traffic originating on or destined to the line were sufficient to cover the costs directly attributable to that traffic.

Fourth, if a line did cover its variable costs, including maintenance, it was recommended for inclusion in the restructured system.

Fifth, if the branch line failed this test, an analysis was conducted to determine if it could cover its variable costs either with a modest rate increase (10 percent or less) or with an expected traffic increase.

Sixth, if the line did not cover such costs, even with reasonable rate increases and traffic growth, a review was conducted to determine whether the line had connections to other carriers. Where such potential exists, the carrier will be provided the data and information necessary to assess the line's potential viability.

Seventh, if a line met none of the first five criteria, it was recommended as a candidate for either rail continuance subsidies or elimination of service.

Therefore, to be included in the restructured system, ConRail, a financially self-sufficient line, is one that:

- Is capable of generating sufficient revenue to cover the costs incurred on the light-density line itself as well as the costs of serving branch line generated traffic beyond that branch line.
- While not currently self-sustaining, can be made viable by reasonable rate adjustments.
- While not currently self-sustaining, can be made so because of the identifiable traffic growth in the near term.

All other lines automatically become available for participation in the subsidy program (Section 402) under the Act, with the decision concerning continued service on these lines depending on state and local action. If a line is not included in ConRail, and if the state and local interests and shippers fail to provide the subsidy, the Act permits the discontinuation of service.

Estimating Financial Self-Sufficiency

The criteria used in the Report of the Secretary of Transportation for the identification of potentially excess lines are based on research results in "Development and Evaluation of an Economic Abstraction of Light Density Rail Lines Operations," a report prepared by R. L. Banks and Associates for the Federal Railroad Administration. These criteria have come under heavy attack because a single standard (carloads per mile) was applied to all lines regardless of their individual cost, service and revenue characteristics.

However, for the purpose of this analysis two techniques applied in the FRA study were adopted. The first involves a procedure for estimating the on-branch car days based on service frequency. The second is a procedure for developing a weighted average car day and car mile costs for various types of commodities. These procedures are discussed in greater detail below.

The New York Department of Transportation has completed numerous studies of railroad bankruptcy proceedings and the process initiated by the Act, the two most relevant being the "Report on Profitability of New York State Branch Lines" and "Short Line Railroad Costs in New York State." The results in the first report are based on cost criteria contained in the second.

The viability criteria applied by NYDOT are based on shortline railroad costs for the estimation of on-branch expenses and off-branch costs which include only freight car costs. This approach was not adopted because shortline costs are not those of Class I railroads. Shortlines are irrelevant to the problem. Second, off-branch costs of serving branch line traffic include many more variable cash costs than car costs. The NYDOT analysis understates the variable cash costs of a Class I carrier serving a branch line.

The technique used by Indiana in its report, "USRA Segments in Indiana: State Analysis and Recommendations," is a mixture of the FRA and the NYDOT approaches. The preceding discussion of these two procedures therefore also applies to Indiana.

The approach proposed by Pennsylvania involves the use of a short formula or a long formula, depending on the availability of data. However, both use a variant of the ICC "50 percent rule" combined with the use of broad system average costs. This approach has not been adopted because of the unsubstantiated allocation involved in the 50 percent rule and the absence of demon-

strable relationships between the average costs proposed for use and the characteristics of the traffic on each line.

The New England Regional Commission proposed the development of off-branch costs by using the ICC's "Carload Cost Scales by Territory" or the Rail Form A costing procedure and of on-branch costs by using a procedure similar to that developed for the FRA. The off-branch costing procedure which has been adopted uses unit cost factors, which are adjusted results of the Rail Form A costing procedure.

Another source of material concerning line viability analyses is the RSPO's proceeding for the development of subsidy standards. These standards were reissued on January 7, 1975 and no specific consideration could be given them because completion of the Association's analysis was necessary by December 1974. The RSPO standards are similar to those of the Association in many respects and produce similar results.

The Analytic Procedure

A detailed description of the analytic procedure can be found in Chapter 17. The objective of the analysis briefly described in this chapter was to estimate the financial self-sufficiency of each line. Within this constraint, the analytical framework has four basic aspects—the level of aggregation, time frame, traffic retention and appropriate costing theory.

Assessment of an individual rail line segment's economic viability is influenced by the level of aggregation adopted for the analysis. That is, individual segments can be regarded as isolated operating entities, as integral parts of a carrier's system or as part of the regional or national system. There are significant problems entailed in pursuing the analysis at the regional or national rail system level, for two reasons.

The first is the division of revenues among all carriers involved in the move. The formulas for developing each carrier's share of the total movement revenue arise through protracted negotiations among the carriers and through ICC proceedings. Once developed, the formulas are difficult to change due to the complexity of the process.

The most likely course of corrective action would be selective rate increases or surcharges designed to enable the movement to contribute to the net income of each of the involved carriers. Such actions would be carrier-initiated, based on its own revenue-cost relationships. The analysis should facilitate the identification of those situations requiring action instead of assuming that corrective action has been taken.

The second major problem of the system-wide approach is data specificity. Accurate analysis requires that the characteristics of the service and traffic be related to the corresponding unit costs. The system-wide approach requires data and information concerning the identity, length of haul and unit cost factors

for each carrier involved in each movement. Such data are not available. Cost estimates would have to be based on regional or nationwide averages—averages with an unknown relationship to the actual costs of any individual railroad. As a result, the potential advantages of the system-wide approach are overwhelmed by the analytical difficulties.

An alternative level of evaluation is the carrier level. There are several advantages to adopting this framework. It minimizes the problem of revenue allocation; the revenue accounts of the carrier incorporate the effects of rate structure and the divisions of through rates. In effect, this approach accepts the present pattern of revenues and proceeds to an appraisal of the relevant costs. The revenues derived by an individual carrier are readily available from the waybill for local movements and from interline abstracts (the document used in settling intercarrier revenue divisions) for interline movements.

Identification of the relevant carrier costs of a movement involving the branch line is more complex. It involves accurate estimation of both the on-branch costs and the off-branch costs incurred in transporting the branch line traffic. The estimation of off-branch costs must be based on average variable unit costs. Many characteristics of each individual movement are available, however, and the average variable unit costs can readily be related to these characteristics. On-branch cost estimation can follow a more specific procedure because of the specificity of the available data and information, although cost allocation procedures still must be used.

The third level of analysis considers allocation problems on both the revenue and cost sides of the analysis. Since the costs under examination would be those incurred only on the branch line, it becomes necessary to apportion the revenues in some manner to the branch in order to account for off-branch costs implicitly.

The development of such a revenue allocation procedure might be warranted if it then could be matched against a clear cost picture. Unfortunately, this is not possible. Available cost data is generally assembled on a system-wide basis. Consequently, costs must also be allocated to the branch. The net result of this process, an estimated revenue balanced against an estimated cost, is not likely to produce reliable results.

The analysis should be designed, however, with a view toward its application. In this case, the objective is specific evaluation of branch line viability on a case-by-case basis. This goal is not attained by relying on two estimated quanta, each one probably varying according to a different pattern. Hence an analysis carried forward at the carrier level is the most accurate, given currently available information.

The proper time frame for evaluating a line's viability is both the past and future. The past is relevant

because it embodies information concerning such factors as service levels, traffic trends and deferred maintenance. The future is relevant because the discounted present value of revenue and costs is the proper quantification of the line's self-sufficiency. However, practical constraints preclude such an analysis.

Development of historical information for each line is possible, although costly, but much of the information would be of uncertain value. For example, it is impossible accurately to develop cause-and-effect relationships between service declines, deferred maintenance and traffic losses. All of these are reflected in the existing service level, condition of the physical plant and traffic volume.

Prediction of future revenue, traffic, service and cost levels is even more difficult. Estimates have been developed for the Association of future traffic and revenue levels for the restructured system. Reasonably accurate estimation of traffic trends are possible at the carrier level due to the level of aggregation. However, the application of such estimating procedures to individual lines and shippers is likely to produce highly inaccurate results. Cost and revenue projections at the branch line level suffer from similar deficiencies.

Because of these difficulties, estimates of the viability for the most recent period for which data are available represent the only practical approach. This approach implicitly assumes that future revenue and cost levels will retain their current relationship at constant volumes of traffic. Although rate increases tend to lag cost increases, over a long period of time they exhibit a reasonably constant relationship.

It is also assumed that the traffic level on each branch line is stable. This assumption is optimistic, given the general downward trend in branch line traffic levels. For example, a NYDOT analysis of branch line traffic levels between 1970 and 1973 revealed traffic declines on 38 lines and increases on 24 of the 62 lines for which data were supplied. Thus, the use of 1973 traffic levels to estimate the levels in future years is more optimistic than generally is justified.

Traffic retention factors, the proportion of traffic likely to be retained by the railroad after abandonment, affect the revenue level used in the analysis. The higher the retention factor, the lower the revenue lost in the event service discontinuance. It is the revenue which would be lost which should be used in the analysis. Accurate estimation of retention factors is difficult because they depend on the ability of the traffic to use intermodal or trans loading services effectively, the proximity of the shippers to alternative rail service, the associated costs, shipper satisfaction with rail service in general and the availability of cost-effective alternative modes.

Experience on the Penn Central indicates a general retention factor of approximately 25 percent, which was used in the NYDOT studies. Although this retention

factor may be reasonably accurate for the system, there appears to be no support for its use on any given line. Due to the difficulties involved in estimating the value of each of these factors, it has been assumed that all traffic will be lost to the system. This assumption has the effect of overstating the probable revenue loss with discontinuance and therefore somewhat overstates the line's financial contribution to the system.

The economic costs relevant to a given analysis (incremental, variable, avoidable and marginal) depend on the relevant time frame and whether output is increasing, constant or decreasing. The variability of the costs of production differs with the type and magnitude of the output changes. For example, consider a situation where a large increase in traffic requires the construction of a second track. The cost of constructing that second track (in addition to the operating costs) is variable. However, if the traffic level declines after the second track has been installed, most of the investment cost of that track does not disappear and therefore is not variable (or avoidable).

In theory, because ConRail does not now own any track or equipment, employ any people or provide any service, all costs are completely variable. However, most existing traffic will receive service. Therefore, traffic on the branch lines under study (approximately 10 percent

of the total carloads) represents service which is incremental to that which certainly will be handled.

Within this framework, all costs which will be incurred in the ownership, maintenance and operation of the branch line itself are variable and are properly included in the analysis. The relevant costs of handling the traffic beyond the branch line itself are those which will vary with the decline of the traffic.

Theoretically, inclusion of these costs can be handled by direct assignment or by allocation. Obviously, the best approach is to identify each cost incurred in producing service. However, due to the existence of joint and common costs which vary directly with volume and the fact that railroads produce a multitude of services, the specific cost of each service cannot be identified separately, and the variable costs must be allocated.

In the branch line viability analysis, the on-branch services (where only freight or passenger service is provided) are identifiable separately. Therefore, the costs can be associated directly with known service units and levels. For the off-branch movements, the costs of handling the traffic from the branch lines cannot be segregated from those of cars generated elsewhere on the system. For these off-branch movements, a cost allocation procedure is essential. This is described in the following chapter.

COAL FIELD SERVICES

The Congress specifically directed the Association to preserve, to the extent possible, "existing railroad trackage in areas in which fossil fuel natural resources are located." (Section 206(a)(4).) The pursuit of this goal has been a major concern, for evaluation of the traffic growth potential on individual lines serving areas which hold fossil fuel reserves has been difficult and complex.

Not all lines servicing areas with these reserves actually serve or would be required to serve reserves which are economically recoverable. Further, some reserves may not be tapped for decades, if ever. Identifying individual rail lines which should be preserved for fossil fuel purpose is a difficult task.

Use of the Region's coal reserves primarily depends on the ability of individual deposits to meet EPA requirements, their mineability, proximity to the market, expected use (metallurgy vs. steam production) and the price and availability of alternative fuels. Assessment of the extent to which each of these factors affects a given coal deposit requires a great quantity of detailed data and judgments by qualified people.

In an effort to develop line-specific coal production estimates, contacts have been established with the U.S. Department of Interior, the National Coal Association and the Region's coal-producing states. Recommendations concerning specific lines largely or solely because

they serve fossil fuel reserves will be included in the Final System Plan.

Regarding continued service to fossil fuel resources USRA has adopted the following positions:

1. On lines required to reach economically recoverable reserves where service is now provided, it will be continued whether viable or not. Where the line does not pass USRA viability tests, however, service will be maintained on a "on demand" basis and only so long as no major repairs are required on the line. At such time as repairs are required the line will fall into the category listed below.

2. On those lines required to reach economically recoverable reserve and where there is not now service, the Association proposes that such lines be considered for "rail banking," and that this concept be developed in conjunction with the Final System Plan.

The lines recommended in the Preliminary System Plan either for continued service or rail banking are based on the best available information the Association could obtain, to date. We will continue to work with the Federal Energy Administration, Department of Interior, the National Coal Association and the regions' coal producing states, to make a more accurate estimation of where economically recoverable coal reserves exist.

Though it is difficult to reduce costs in the near term, the system adjusts; yard work declines, car costs are reduced, train miles are reduced, billing and clerical costs decline. Plant reductions are less likely to occur; ICC cost formulas recognize this by assigning low variability to these cost items.

In the real world, loss of the relatively small percentage of traffic that will actually be lost (about 4.5%) will be compensated for by an increase in other traffic (the Association assumes a 1.41% growth rate). Resources may be temporarily nonproductive the day traffic is dropped, but will soon be utilized for new traffic due to normal traffic growth.

Outcome of the Analysis

Results of the analysis of each line's prospects for attaining financial self-sufficiency, reported in detail Appendix K to Volume II. Of the 9,600 miles of active roadway studied, 3,400 miles are recommended for direct inclusion in the Preliminary System Plan without further study. These lines account for 75 percent of the traffic and revenue generated on the lines studied. The remaining lines should be studied carefully by the states to decide which justify continuation of service through subsidies and those which should be abandoned.

The 6,200 miles not recommended for inclusion in the system plan can be continued in operation through service continuation subsidies, as previously discussed. The required subsidy level should be estimated using a formula developed by RSPO but the formula was not received early enough to allow such computation.

The analytical results summarized here and presented in full in Appendix K to Volume II include detailed consideration of each line's financial self-sufficiency under the traffic, revenue and estimated cost levels which prevailed in 1973. Analyses to be completed after preparation of the Preliminary System Plan include the identification of traffic growth realized, for example, due to the location of new shippers on the line and the development of sound proposals concerning service continuation by an alternative railroad.

Because only 1973 data are used in the analysis, new firms could have come into existence, and existing shippers could have permanently increased their use of rail service since the data were collected. Second, a line may realize the necessary traffic growth in the near term to become self-sufficient. In both cases, the lines involved would represent prudent business investments and should be included in the Final System Plan.

More current carrier data will be analyzed to assist in the identification of traffic growth which already has been realized. The major sources of the needed information are the testimony provided at the RSPO hearings (including those to be held on the Preliminary System Plan), communications received directly from individual shippers and information provided by such public agencies as the State Departments of Transportation.

Where the verified information indicates that the traffic growth will permit self-sufficiency, the line segment will be recommended for inclusion in the Final System Plan.

An Overview

As stated at the outset of this chapter, no issue generated more interest and debate during the planning process for this report than the light-density line issue. It dominated meetings to discuss the work of the Association held with state and local officials, public interest groups, shippers, members of Congress and nearly every group that met with representatives of the Association.

The Association approached this issue with considerable care and preparation, aware in particular of reactions to the Department of Transportation report last year. No doubt there will be honest differences of opinion as to the correctness of approach, analysis, methods, data and conclusions. However, the Association believes it did the best job it could in the time available.

Because the Association dealt only with the light-density lines of bankrupt carriers and the DOT report studied solvent as well as bankrupt railroads, it immediately was able to pare down the number of miles of track where continued service was thought to be in jeopardy. The Association concluded that of the 9,600 miles of track under study 6,200 miles were not suitable for inclusion in the restructured system.

It is important to keep in mind that this Plan, although a major step in the restructuring process, is only one step in the process and is now offered for public comment and evaluation. Upon release of the Preliminary System Plan, the Rail Services Planning Office will begin a formal hearing and evaluation procedure as it did with the DOT Report. Hearings will be held throughout the 17-state Region. RSPO will announce the dates and locations of those hearings.

The Association views this part of the process as vitally important to the successful submission of a Final System Plan to Congress. It may be expected that this set of hearings will focus primarily on the light-density line issue. States, communities, shippers and other interested citizens will present their views on the Plan.

The Association gives its assurance that all of these comments, particularly the RSPO evaluation due on April 28, will be given careful consideration. The Association is seeking, through the RSPO hearing, definitive information and material assistance relevant to individual branch lines. This is especially important in the case of light-density lines that have an identifiable capability for growth in the near term. Also being sought are other proposals which may result in continued service on lines that now appear to be uneconomical.

The goal of the Association, limited only by the requirements of the Act, is to provide in the Final System Plan for the continuation of as much rail service as possible. In pursuing that goal, we seek whatever guidance and help may be available.

Alternative Approaches

There are four courses of action which could be taken by the Association with respect to light density rail lines. First, all existing rail lines could be recommended for inclusion in the Final System Plan. This approach is least disruptive in the short run. It fails, however, to recognize that the rail system has a substantial amount of excess capacity—over-capacity enhanced by the fact that the bankrupt carriers have overlapping service territories. In addition, this course of action would perpetuate internal cross subsidies and would thwart the provision of Title IV which gives explicit recognition to the role of the public sector in the planning and continuation of rail service.

Another problem associated with the retention of essentially all trackage is the resulting financial burden on ConRail. This financial burden results from the need to acquire the properties, to invest in improvements on most lines and to continue operations. The most critical financial factor is the upgrading requirements of the track. The physical condition of the carriers in reorganization tends to be very poor, requiring a sizable investment in ties, rail and other material to bring their trackage into compliance with safe and efficient operating requirements. The need for these materials on main lines, primary feeder lines and major yards will restrict the availability of materials for use on branch lines. Thus, attempts to retain all existing lines would meet with only limited success because service necessarily would continue to deteriorate, and the materials would not be available to keep low priority lines in operating condition.

The second course of action would be exclusion of every line which currently is not financially self-sufficient. This approach is the most disruptive alternative in the short run due to the uncertainty of the availability of the subsidy for individual lines. Although it would reduce ConRail's financial burden, this alternative would maximize the burden on the public sector. In addition, a number of lines can be made financially self-sustaining with small revenue increases and with near-term traffic growth. These lines represent prudent business investments. Because they are capable of contributing to the carrier's net income over the long run, they should be continued by the carrier.

The third alternative is transfer of low-density lines to other railroads in the Region. This approach would both minimize the burden of these lines on the restructured system and reduce the burden on the public sector. However, this alternative is feasible only where alternative carriers can provide service to the shippers at a reasonable profit. Since such decisions are voluntary, services not considered capable of generating a profit would not be assumed by another carrier.

The fourth course of action is shared responsibility for continuation of service by the railroad and the pub-

lic sector. Under this approach, the carrier would assume responsibility for those services which are financially self-sustaining, including those that probably can be made viable through rate increases or traffic growth in the near term. Those lines that are not self-sustaining can be retained in service through the provision of subsidies. In addition, loans are available to public bodies for purchasing and rehabilitating lines to facilitate the continuation of adequate and efficient service.

The Association has adopted a combination of the third and fourth alternatives. Where rail service is not capable of producing a contribution to the net income of the carrier, it first was evaluated for rate increase and traffic growth potential which would produce financial self-sufficiency, and if these are in prospect the line was retained in the system. Where such growth is not foreseen, careful consideration is being given to the potential assumption of the responsibility for the service by an alternative carrier. If such potential exists, the carrier will be given the information necessary to evaluate the profit potential of the line.

Finally, where neither of these actions will permit retention of rail service, the responsibility for continuing that service rests with the public sector. The process could be one of purchasing the rail line and holding it for future use, purchasing and rehabilitating the line and contracting for continued service by ConRail or, in some cases, supporting operation for an interim period of time to allow the shippers on the line to adjust their shipping patterns.

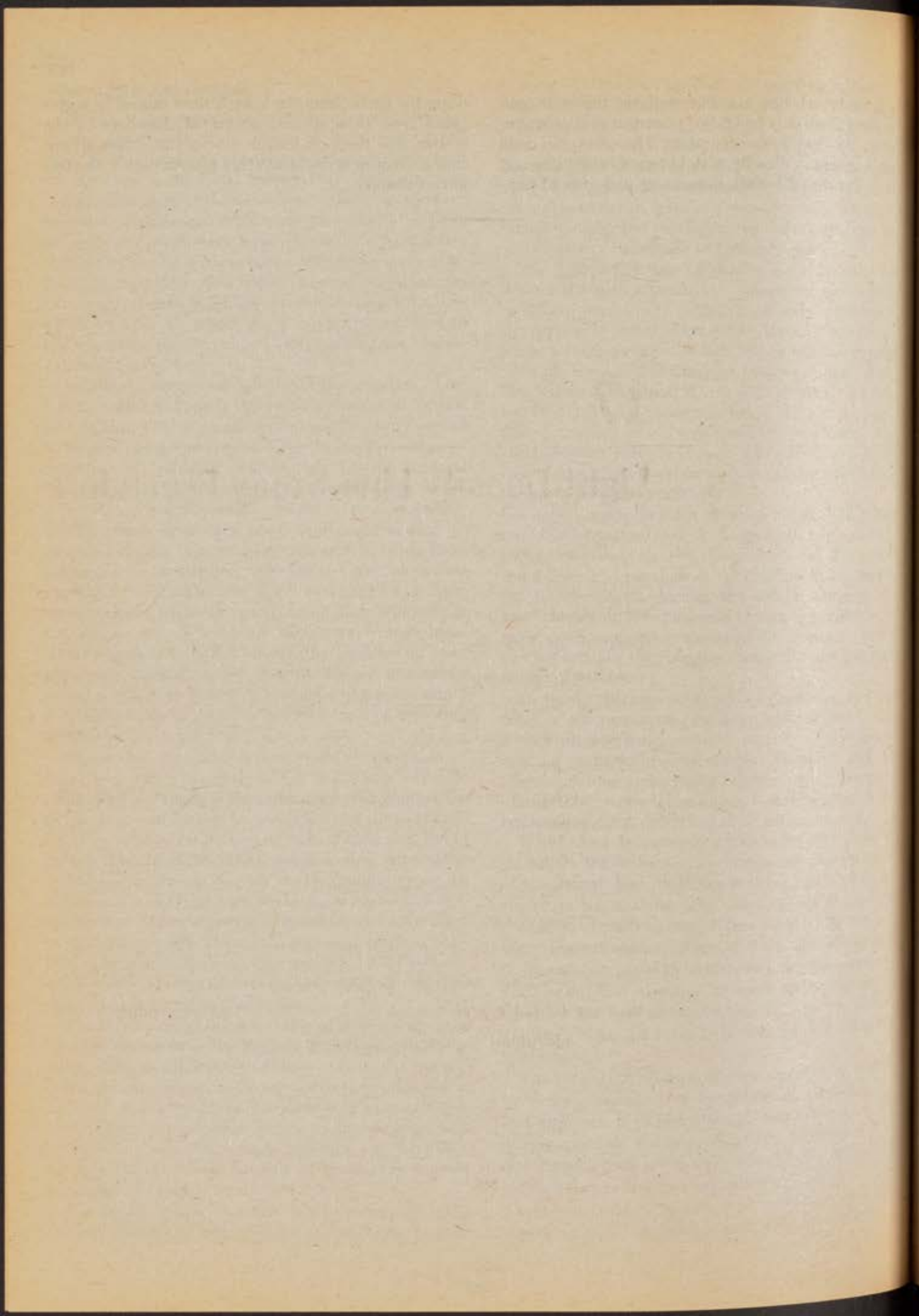
In theory, because ConRail does not now own any track or equipment, employ any people or provide any service, all costs are completely variable. However, most existing traffic will receive service. Therefore, traffic on the branch lines under study (approximately 20 percent of the total carloads) represents service which is incremental to that which certainly will be handled.

Within this framework, all costs which will be incurred in the ownership, maintenance and operation of the branch line itself are variable and must be included in the analysis. The relevant cost of handling the traffic beyond the branch line itself are those which will vary with the addition of the traffic. Handling a 20 percent increase in traffic will require additional yard work, the operation of more trains, the use of more freight cars and more loss, damage and clerical (billing) costs. All these costs must be included in the analysis.

Theoretically, inclusion of these costs can be handled by direct assignment or by allocation. Obviously, the best approach is to identify each cost incurred in producing a service. However, due to the existence of joint and common costs which vary directly with volume and the fact that railroads produce a multitude of services, the specific cost of each service cannot be identified separately, and the variable costs must be allocated.

In the branch line viability analysis, the on-branch services (where only freight or passenger service is provided) are identifiable separately. Therefore, the costs can be associated directly with known service units and levels. For the off-branch movements, the costs of han-

dling the traffic from the branch lines cannot be segregated from those of cars generated elsewhere on the system. For these off-branch movements, a cost allocation procedure is essential. This is described in the following chapter.



17

Light Density Line Study Procedure

Public officials, shippers, and the general public have expressed concern about the ultimate disposition of light-density lines. This issue has fostered considerable public comment since the publication of the Secretary of Transportation's Report in February 1974. USRA has made every effort to see that the analytic procedure used to assess the economic potential of branch lines provides an accurate picture of revenues and future earning capacity and the cost of providing transportation service for each line.

This chapter defines the method used to compare the costs of providing safe and efficient rail service with the actual revenues from existing or projected traffic over each branch line. The procedure involves analysis on a line-by-line basis of revenues, labor costs, fuel and maintenance expenditures, anticipated rehabilitation and replacement costs and many other factors essential to a valid assessment of each branch line as a potential ConRail route. This procedural explanation is helpful in reviewing USRA's preliminary light-density line recommendations and eliciting additional information during the public hearings on the issue.

Chapters 7 and 16 explained the problem of light density rail lines in the Region and summarized the Association's decisions with respect to the lines to be included in the Preliminary System Plan, to be part of another railroad system or to be eligible for rail service continuation subsidies. This chapter describes the analytical procedure used to determine the economic viability of the light density lines. The purpose of the analysis was to determine the prospects for financial self-sufficiency of continued service on each branch line selected for concentrated study.

Basic Procedure

The basic procedure involved the identification of the carloads and revenue generated by each line and the estimation of the variable costs engendered by the provision of the involved service. The costs are those of producing a service which is secondary or by-product in nature, within a medium-run time frame (i.e., 5-10 years) with only minimal track upgrading and with operating efficiencies anticipated to be achieved by the restructured system. Two additional assumptions were made concerning the existence of passenger service and through or overhead freight service.

First, where commuter service is now operated over the line, it would be continued. The analysis of local freight service was undertaken with the exclusion of maintenance and ownership (return or net salvage value) costs on these lines, and where Amtrak service exists, it was assumed that Amtrak might *not* continue to use the line and instead would re-route its trains to the lines used by through freight trains; therefore all costs associated with continued service must be borne by the local freight traffic.

Second, where a line currently has through freight service and is programed for such service at or near the time of ConRail activation, local freight service would continue to be provided to the line. Where such through freight service is not programed, the local traffic must support the costs of the line and the service received.

The analysis was based on the carriers' 1973 traffic, revenue and unit costs and assumed efficient operations. The basic steps were as follows:

1. Establish *total* branch line-generated revenue.
2. Then subtract in the following order these cost items:
 - a. on-branch operating costs,
 - b. on-branch maintenance costs,
 - c. on-branch return on net salvage value,
 - d. on-branch overhead costs,
 - e. off-branch operating costs, and
 - f. up-grading costs.

Total branch-generated revenue includes all revenue derived from transportation services provided on the

line. In almost all cases, this revenue is the freight revenue realized by the carrier from traffic originating or terminating on the branch. A record of actual carrier revenue is contained in the computerized traffic file which was accessed directly for the analysis.

On-branch operating costs consist of locomotive costs, caboose costs, freight car costs and crew costs, which are included on the basis of carrier average unit variable cost per mile, hour or day.

Development of the costs associated with the locomotive fleet can follow at least three different approaches. First, it has been argued, especially by NYDOT, that the locomotive costs of Class II railroads are most relevant to branch line analyses primarily because of the smaller (lower horsepower) units used. However, the locomotive fleet of the Class I carrier tends to be multifunctional, that is, a locomotive used on a branch line typically is used (and often must be able) to provide other services as well. Therefore, the fact that a smaller locomotive is appropriate does not dictate the size that is likely to be used. The average locomotive costs of Class II railroads are not used because they are not demonstrably accurate or appropriate proxies for the cost of Class I railroads.

Second, in its presentation to the RSPO, the AAR proposed using replacement costs of locomotives as the appropriate capital element in the locomotive cost equation. Variable costs are future costs, and since the analysis is directed toward the future costs of continued service, the AAR proposal merited careful consideration. However, development of such future costs requires data and information which could not be estimated accurately in time for inclusion in the analysis.

The third approach involves the use of carrier average total investment, repair and operating costs per locomotive unit hour. This approach, which allows the pairing of the cost per unit hour with the hours expended on each branch line, has been adopted for the analysis.

The carrier total costs for locomotive repair, retirement depreciation, rent and fuel were extracted from the Carrier's Annual Report (R-1) to the ICC. These costs are supplemented by indirect maintenance and labor costs and a 7.2 percent return on net investment (from the published per diem rates).

The total locomotive cost was reduced to a unit cost level by dividing by total locomotive hours. Locomotive hours in road service are available directly from the Form R-1. For switching service, however, an average operating speed of 6 m.p.h. (generally used in ICC costing procedures) was applied to convert locomotive miles in switching service (from Form R-1) to locomotive hours. The resulting total locomotive unit hours is then associated with total freight locomotive costs to obtain a cost per unit hour.

The above procedure was completed using the total locomotive fleet used in freight service. Attempts were made to separate the costs of electric from diesel locomotives, but the format of Form R-1 precludes such a separation. A similar impediment exists to the separation of switching from road-haul locomotive costs.

The freight car costing can be approached on the basis of existing ownership, operating and repair costs or on the basis of estimated future costs, especially in the area of capital costs as was proposed by the AAR. Although the analysis was based on the premise of continued operation, freight cars are used and replaced. The current cost of replacing freight cars is higher than the historical cost of those cars now in use, and this trend probably will continue.

Accordingly, estimates of future car costs should be used. However, such an analysis requires accurately estimated data and future freight car costs which currently are unavailable. The available data relate to the costs associated with the existing freight car fleet, and this data was incorporated in the analytical approach.

Freight car costs are developed on a commodity-specific basis for both car days and car miles. "Revenue Contribution to Burden and Other Data By Commodity Class and Territorial Movement," a study completed for the DOT, contains information pertaining to the relative proportion of the various car types used to transport each commodity. By applying the average car day and car mile costs developed from the AAR's Car Hire Master List #17 to the mix of freight cars used to move each commodity, a weighted average car cost for the commodity is derived.

The on-branch car costs are then developed in two parts. The mileage element is based on the location of the station on the line and the use of an assumed 100 percent empty return factor between the shipper's siding and the junction of the line under study with its connecting line (generally a secondary or feeder line).

The car day costs are more complex in development. The cartime spent on the branch has five components: time waiting at the local yard, travel time from the yard to the shipper, "free" time at the shipper's siding, time waiting for the train and travel time from the shipper's siding to the local yard. The duration of each of these elements largely depends on the number of times the branch is served each week. It was assumed that the time the car is held by the shipper beyond the free time is compensated for by demurrage payments, and neither the costs nor the offsetting revenue were included in the analysis. The development of elapsed car days proceeded as follows:

- one-half day switching time at the local yard for switching the car into and out of the local train plus the average additional time spent at the yard waiting for the local train.

- one day travel time for the movement from the yard to the shipper.
- two days "free" time for the shipper to load or unload the car.
- time spent at the shipper's siding waiting for the local train.
- one day for the return move.

The primary inputs for development of freight car costs are the commodity type(s) and service frequency. Identification of the commodities generated by each line is available from the computerized traffic record, and the service frequency is available from the questionnaire results.

Caboose costs were included on a basis which is similar to the freight-car costs. Though there are no published per diem rates for cabooses, a caboose has approximately the same retail value as an equipped automotive boxcar. Therefore, the average per diem costs of this car type were used as a surrogate for caboose costs. The caboose mileage charge was based on the round trip miles required to serve each branch. The caboose day costs were based on the portion of a 12-hour day required to serve the branch.

The final element of on-branch operating costs is crew costs. It has been argued that the crew costs of Class II railroads are most relevant to the analysis of branch lines, primarily due to the lower wage rates, smaller crews and the greater flexibility in the work rules. Because the wages paid by short line carriers do not reflect the wage costs which will be incurred by the restructured system, however, they were not used in the analysis.

Crew costs are included in the analysis on the basis of the crew size and the crew time spent on each line. The costs of four crew sizes have been developed: two-man (conductor and engineer), three-man (conductor, engineer and brakeman) four-man (conductor, engineer and two brakemen), and five-man (conductor, engineer, two brakemen and a fireman). The crew size involved on each line is available from the questionnaire.

The hourly cost is based on the total costs and service time of each type of employee serving on local and way freight trains as reported to the ICC. The total employee costs include straight-time pay, overtime pay constructive allowances, health and welfare benefits and payroll taxes. The service time is time actually worked for both straight and overtime compensation. The total compensation divided by the hours of service yields the average cost per employee hour. The hourly crew cost is developed as the sum of the individual hourly costs of the involved crew members.

Using these cost-development procedures, it is possible to include a separate cost for overtime worked. However, there are two principal reasons for not including overtime separately. First, it is not practicable to divide hours serving the branch into straight time and overtime. For example, work done on a given branch

may have caused the crew to work overtime elsewhere; this could be viewed as a branch-related expense. Second, since the constructive allowances, vacation and holiday pay primarily are earned as a by-product of straight time worked, they are properly included as straight-time compensation. The difference between straight time hourly compensation including these factors and overtime compensation is negligible.

As an example of the on-branch operating costs, the average cost per week associated with a 9-mile Penn Central branch served 52 times per year by a 5-man crew and generating 4 carloads per week are:

\$31.52	Locomotive costs
78.83	Crew costs
124.49	Freight car costs
2.11	Caboose costs
\$236.95	Total on-branch operating costs

On-branch maintenance costs and on-branch rehabilitation or upgrading costs are directly interrelated and therefore must receive simultaneous treatment. The maintenance expenditure which *must* be spent to retain the integrity of the line depends on its condition. The alternatives are maintenance of the line in minimum safe operating condition (i.e., FRA Track Class I standards) or maintenance at a higher standard, which is conducive to greater operating efficiency. The costs used were those associated with upgrading the line to FRA Class I standards, annualized over 10 (without interest costs), and the costs of maintaining the line at that standard.

The current condition of a line is a function of past maintenance practices. Obviously, most light-density lines have received little or no maintenance in recent years. Continued operation requires maintenance expenditures into the indefinite future, however, and the cost of this required level of maintenance is an issue in the analysis of a line's self-sufficiency.

The Association prepared detailed estimates of the cost of totally rehabilitating a branch line and maintenance of the line at that standard for a 50-year period and of the cost of upgrading a line only to meet FRA Class I requirements and maintenance at that standard for a 50-year period. These cost estimates incorporated the following assumptions:

General:

- Future labor, machine and material costs would remain at the third quarter 1974 level.
- Costs are on a per-mile basis.
- No bridges or other structures exist on the line.
- There is one grade crossing per mile.
- There is one turn-out every 2 miles.
- The line must be able to take any car in interchange with a minimum weight limit of 263,000-265,000 pounds per car.
- The line handles less than 1 million gross ton miles per mile per year.

Total Rehabilitation:

- Construct at a 30 m.p.h. standard.
- Use 107 lb. welded relay rail.
- Two-thirds of the ties replaced (\$26 each for purchase and laying).
- Machine time, other track materials and direct labor (excluding supervision) are included.
- There is demand for the removed rail for relaying.
- Salvaged materials are removed, transported to market and sold.

Upgrading to FRA Class I:

- Replace 400 ties per mile which assumes the existence of 240 good ties per mile; Class I standards require 640 good ties per mile.
- It costs \$37 to purchase and insert each tie.
- Ties have a 30-year life.
- Weld 10 rail ends per mile per year; there are 32 "short" rail ends per mile.
- Replace two broken rail lengths per year (costed at three-fourths of the price of new rail).

The major issue is whether a line should be upgraded to Class I standards or totally rehabilitated. To evaluate this option, the annual costs through the 50-year period for both analyses were discounted at 5 percent to a 1974 present value. Five percent was used as the approximate cost of capital in the noninflationary economy (which reflects the use of constant dollars in preparation of the estimates). Tables 1 and 2 present the undiscounted annual cost, the discounted annual cost and the total costs for the two procedures.

TABLE 1.—Estimated cost of total rehabilitation of light density line and annual maintenance to retain that standard

Year	Undiscounted cost	Present value at 5 percent	Year	Undiscounted cost	Present value at 5 percent
1	\$154,614	\$154,614	26	833	833
2	833	793	27	455	128
3	785	712	28	785	211
4	455	393	29	455	118
5	455	374	30	455	111
6	833	653	31	23,112	5,848
7	455	340	32	455	100
8	785	558	33	785	165
9	455	306	34	455	91
10	455	293	35	455	87
11	9,433	5,791	36	833	181
12	455	266	37	455	79
13	785	437	38	785	129
14	455	241	39	455	71
15	455	230	40	455	66
16	833	401	41	29,307	6,152
17	455	208	42	455	62
18	785	342	43	785	101
19	455	189	44	455	58
20	455	180	45	455	53
21	18,205	6,861	46	833	98
22	455	163	47	455	48
23	785	268	48	785	79
24	455	148	49	455	41
25	455	141	50	455	42
			Total	260,714	186,741

TABLE 2.—Estimated cost of upgrading light-density line to FRA track class I standard and annual maintenance to retain that standard

Year	Undiscounted cost	Present value at 5 percent	Year	Undiscounted cost	Present value at 5 percent
1	\$25,314	\$25,314	26	\$3,970	\$1,172
2	3,560	3,390	27	3,881	1,091
3	3,560	3,229	28	3,844	1,030
4	3,507	3,107	29	3,881	990
5	3,500	2,929	30	3,954	961
6	3,066	2,888	31	4,117	953
7	3,631	2,710	32	4,184	922
8	2,994	2,554	33	4,147	870
9	3,504	2,433	34	4,258	851
10	3,631	2,341	35	4,111	783
11	3,737	2,303	36	4,384	795
12	3,680	2,152	37	4,294	741
13	3,717	2,070	38	4,184	688
14	3,080	1,952	39	4,294	672
15	4,158	2,100	40	4,221	630
16	4,330	2,078	41	9,853	1,400
17	4,238	1,941	42	4,164	563
18	4,194	1,830	43	4,884	565
19	4,231	1,758	44	4,348	534
20	3,740	1,480	45	3,907	457
21	9,239	3,482	46	4,107	457
22	3,734	1,340	47	3,944	418
23	3,807	1,201	48	3,944	398
24	3,844	1,251	49	3,907	376
25	3,770	1,169	50	4,054	371
Total			230,172 97,790		

The total undiscounted 50-year costs are \$260,714 for rehabilitation, consisting of \$154,614 in year one and an average annual maintenance cost of \$2,165, and \$230,172 for upgrading, consisting of \$25,314 in year one and an average annual maintenance of \$4,181. Despite the much higher maintenance cost under minimal upgrading, the total undiscounted cost is \$30,542 less under this option. The total discounted cost is \$186,745 for rehabilitation and \$97,790 for upgrading. There is a difference of \$88,955 in favor of minimal upgrading.

Thus, the shortage of materials and manpower which would delay any major rehabilitation of branch lines does not undermine the viability of the line. The costs are lower with minimal upgrading. However, where significant new traffic potential exists or where substantial operating savings could be realized, major rehabilitation may be justified.

Based on these data, total rehabilitation of light-density lines is not economically justified over minimal upgrading, considering only the lower maintenance costs. Average annual operating and similar savings amounting to \$4,870 per mile would be required to equalize the annual costs of the two procedures. Based on the average hourly cost of a locomotive and 3-man crew (\$41.91), operating savings resulting from higher speeds under rehabilitation would require nearly 700 round trips per year over the line—a level of service far beyond that of light-density line.

The branch line analysis, accordingly, included only nominal upgrading costs and the cost of maintaining

the line at that standard. The upgrading costs were based on the number of ties, miles of track, turn-out repairs and grade-crossing repairs required to bring the line into compliance with FRA Class I requirements. This information is available from the questionnaire results.

The costs of upgrading the line were not all included in the first year. Instead, these costs were annualized over a 10-year period. The required investment is the result of cumulative deferred maintenance and should not be borne entirely in a single expense period. The use of a 10-year annualization period may well be longer than is justified by the risk of traffic erosion on light-density lines.

The maintenance costs are included for the branch line itself and the requisite siding and yard tracks. The maintenance costs are a function of traffic density (gross ton miles per mile per year), length and the existence of such structures as bridges. Inclusion of these factors was based on information contained in the questionnaire data base. The costs include labor (excluding supervision, which is included elsewhere), materials (rail, ties, ballast, etc.) and machinery required to perform the work.

The resulting annual costs per mile for a 9-mile branch with one-half mile of siding tracks, 10 grade crossings and 5 turn-outs, requiring 3,485 ties and no rail to meet FRA Class I standards are:

\$1,952 Per mile upgrading costs (one-tenth of total)
\$3,987 Per mile maintenance costs

The return on net salvage value is included as an estimate of the opportunity cost to the carrier of continued operation. For a carrier to purchase a line, it should expect to realize a return on the required investment. However, at this time the purchase price of any given line is unknown. In addition, after purchase, the relevant cost is the return which could be received by placing the asset in alternative use. Therefore, the estimated opportunity cost is the return on net salvage value foregone by continuing the line in service.

Return on net salvage value should be distinguished from net liquidation value since the latter considers all of the economic consequences of abandonment, including the effect of abandonments on present commodity prices.

The gross salvage value includes an estimated resale value of the steel, reusable ties and land. The salvageable steel was estimated on the basis of rail weighing 100 pounds per yard, yielding 178 tons per track mile, and 61 tons of other steel track materials (tie plates, bars, etc.) per mile for a total of 239 tons per mile. The gross salvage value of steel was assumed for purposes of this study to be \$125 per ton. The resulting estimated gross value of the steel is \$29,912 per mile.

A resale value for ties was included only for those ties which are reusable. An estimate of the number of

reusable ties is available from the questionnaire. The resale value of land is based on 7.3 acres per mile (a 60-foot right-of-way). The cost of salvaging these materials and transporting them to market also was estimated.

It must be noted that the data used for estimating net salvage value represents only a preliminary estimate. Further, the estimates reflect values which may be generated if a relatively few lines are abandoned, the balance of the rail system remains in operation, and the scrap materials are required for use on the remaining lines. As better data becomes available, it will be used in preparing the Final System Plan.

The rate of return applied to the net salvage value was 8.3 percent. This is an estimate of the 1975 U.S. Treasury Bond rate plus 0.3 percent for administrative costs. It is argued by the AAR that the internal cost of capital of the restructured system should be used to value the opportunity cost of the investment.

However, at this time that cost of capital is unknown, although any private-sector rate would be higher than the estimate used. Moreover, the net salvage estimated is not discounted to reflected disposition time.

The inclusion of *on-branch property taxes* presents a host of problems. Property taxes represent direct on-branch costs and are appropriately included in an analysis of self-sufficiency. The taxing rates vary markedly between states and among local jurisdictions within states. For example, Connecticut has no rail property tax while the tax rate in the District of Columbia is extremely high. However, the Association has not yet been able to obtain actual property taxes for each line nor to develop an accurate estimating procedure. Therefore, the direct results of the analysis do not reflect the impact of property taxes.

On-branch overhead costs include only an estimate of the supervision required for maintenance-of-way and train-crew employees, required clerical support and the cost of employee injuries and property damage. Supervisory expenses include only the estimated costs of first- and second-line supervision: a track supervisor and his immediate supervisor in the case of maintenance-of-way, and a trainmaster or assistant trainmaster and his immediate supervisor for train crews.

Interviews with operating personnel indicate that, on the average, 30 percent of track supervisor's time is devoted to branch line maintenance, and 10 track supervisors report to a track engineer. Thus, 30 percent of the cost of track supervisor and 10 percent of the cost of a track engineer are related to branch lines. Further, it was assumed that a track engineer is responsible for 40 miles of branch line. Therefore, one-fortieth of the branch-related supervisory costs was assigned to each branch mile under analysis.

Transportation supervision costs are specified in terms of crew hours. Again, interviews indicate that 75 percent of a trainmaster's time is devoted to super-

vision of train movements, and one-sixth of division superintendent's time is associated with supervision of those trainmasters under his control. The total supervision costs developed on this basis were divided by local and way freight engineer service hours to obtain the cost per hour.

The costs associated with injuries to persons, damage to property and clerical support were developed separately for maintenance-of-way and transportation. The total of these three expense groups is available in the Carriers Annual Report Form R-1. The resulting cost for maintenance-of-way was attributed to the line on the basis of direct maintenance costs for the branch as a proportion of total system direct maintenance costs. The total cost of the three expenses for transportation was attributed to the line on the basis of the crew hours expended on the branch as a proportion of total system crew hours.

The annual on-branch overhead costs for a 9-mile Penn Central branch line served once a week by a 5-member crew are:

\$1,335	Maintenance-of-way supervision
39	Transportation supervision
474	Maintenance-of-way clerical support and accidents
158	Transportation clerical support and accidents
2,006	Total annual on-branch overhead cost

The net revenue from traffic overhead to the branch required special treatment. The questionnaires indicate the volume of overhead traffic for each line, but overhead traffic exists on only a few of the lines under analysis. The analytical complexities arise from two sources. First, ConRail operations probably will result in the re-routing of a significant but as yet unknown proportion of the traffic. In addition, use of a line to provide service to overhead traffic necessarily will require provision of local pick-up and delivery service on the line.

Second, the impact of the overhead traffic on a line's viability is difficult to evaluate lacking such critical information as the commodities involved, the total length of haul and the revenue realized by the carrier. Without such specific information, the analysis can only be carried forward on the basis of general averages. Due to these complexities, the reported results of the viability analysis exclude the effects of overhead traffic. However, the recommendations reflect the required use of the line for overhead traffic.

The off-branch operating costs appropriate to the analysis are the subject of considerable debate. The analysis incorporates gross ton-mile costs, switching costs, loss and damage costs, car costs and clerical costs.

NYDOT and the Conference of States argue that only freight car costs should be included in the off-branch portion of the analysis, because all existing trains will continue and all employees will continue in their capacities regardless of the existence or absence

of the branch-line traffic. This argument has some merit when considering only one line generating a few cars per week, although even in this case existing abandonment procedures and analyses recognizes significant off-branch costs.

However, the framework of the Association's analysis is very different. The analysis encompasses nearly 10,000 miles of active rail line generating more than 1 million cars per year. The traffic represents more than 3,000 carloads per day which, with 30 loaded cars per train, represents more than 100 trains per day. In addition, train schedules are being changed, labor requirements are being restructured and yard functions are being redefined. The addition of 3,000 carloads per day obviously would require more plant, equipment and labor than otherwise would be necessary.

It is also argued that, if off-branch costs are to be incorporated, they should be developed by a costing procedure other than the ICC's Rail Form A because the Form A results provide inaccurate information. The ICC's Rail Form A costing procedure, used since the 1930's, has been subjected to a variety of criticisms. Although many of the criticisms appear to be substantive, no alternative procedure has been developed, tested and adopted for widespread use. Hence, the Rail Form A represents the only tool available for the estimation of off-branch variable operating costs.

There are five elements in the analysis of off-branch costs: gross ton-mile costs, switching costs, loss and damage costs, car costs, and clerical costs. All but car costs and loss and damage costs were developed using the Rail Form A costing procedure. In the development of these costs, however, several input cost accounts were excluded because it is believed that they are not relevant.

The gross ton-mile cost has three elements. The first is primarily the variable cost of maintenance-of-way. The second is a locomotive variable unit-mile cost, prorated over the average trailing gross tons per through train. The third is train-mile variable costs, also prorated over the average trailing gross tons per through train. The resulting unit costs are applied to the off-branch gross ton-miles of the branch-generated traffic.

The switching costs are developed on a per-unit basis for each of 3 types of car-switching service: road train to industry switch for traffic originated or terminated on the branch lines and terminated or originated elsewhere on the system, 1 interchange switch for interline traffic (including empty return) and intertrain switches based on 2 at the local yard plus 1 every 200 miles of line haul.

Clerical costs are the average billing cost per car. The loss and damage costs are the total of such costs incurred by commodity allocated on a per-ton basis.

The freight car costs are developed as the weighted average car costs classified by commodity using the AAR Car Hire Master List (described above). The

resulting mile costs are applied to the off-branch car miles, including circuitry and empty return. The car days are calculated on the basis of: 4 days for terminal switching, one-half day for each interchange and intertrain switch, and 1 day for each approximately 500 miles of haul or fraction thereof. These procedures result in 5.5 car days for a 1,000 mile interchange move compared to an estimated 7 days under current operations.

The off-branch costs for a Penn Central line generating 200 carloads, 9,400,000 off-branch gross ton-miles, 7 terminal switches, 331 interchange switches and 1,329 intertrain switches are:

\$136.60	Average ton-mile costs per carload
32.70	Average terminal switching costs per carload
9.26	Average interchange switching costs per carload
5.26	Average intertrain switching costs per carload
3.52	Average loss and damage costs per carload
18.70	Average car-day cost per carload
27.80	Average car-mile costs per carload
4.77	Average clerical costs per carload

Because this complex analysis must be applied to more than 9,000 miles of railroad, it has been computerized. However, the characteristics of each line are unique, and therefore each has also been subjected to manual review and evaluation.

The analytical results which have been summarized above include detailed consideration of each line's financial self-sufficiency under traffic, revenue and estimated cost levels which prevailed in 1973 and an estimation of realizable rate increases and traffic growth due, for example, to the location of a new shipper on the line.

A line-by-line evaluation of traffic growth has two basic elements. First, because the data used in the analysis related to 1973, new firms could have come into existence and the existing shippers could have permanently increased their use of rail service. Second, a line may realize the necessary traffic growth in the near term to become self-sufficient. In both cases, the involved lines represent prudent business investments and should be included in the Final System Plan.

More current carrier information has been analyzed to assist in the identification of traffic growth which already has been realized. The major sources of the needed information concerning traffic growth are the testimony provided at the RSPO hearings (including those to be held on this report), the communications which are being received directly from individual shippers, information provided by public agencies such as the state departments of transportation and information provided by the railroads. Where the verified information indicates that the traffic growth will enable self-sufficiency, the involved line segment will be recommended for inclusion the Final System Plan. Where no specific information was available, the estimated

region-wide average growth rate has been used to evaluate the growth potential.

Conclusion

This technical description of the analytic progress is essential to a full understanding of the depth of the light-density line analysis. Revenue and cost items were identified as precisely as possible and, once the data were established, the formula was applied. It would be a mistake to assume, however, that a simple computer run then established the preliminary conclusion with respect to any specific line.

Considerable effort was expended to verify data. Each line was studied again individually to assure greater accuracy. Rate adjustments and identifiable traffic growth patterns were taken into account when information was available.

No doubt, there will be some disagreement with the data as well as the formula. The Association feels confident of both but will be attentive to the public response and evaluation, primarily through the RSPO hearing process. Comments and evaluations will be carefully considered during preparation of the Final System Plan.

18

Railroad Marine Operations

The Association's analysis of rail service in the Northeast and Midwest includes review of car-ferry operations, principally those across Lake Michigan, Chesapeake Bay and New York Harbor. Marine transportation provides a special service to shippers, but it has imposed a substantial financial burden on the bankrupt carriers. Many existing facilities and most of the vessels soon will have to be replaced or rehabilitated to make the level of service more safe and efficient. The capital expenditures needed to complete such a project would be considerable.

This chapter explains the methods used to analyze car-ferry operations. In essence, these systems were considered as light-density branch lines and subject to the same analytic procedures. The Association has concluded that due to the high cost of modernizing the existing car-ferry fleet and facilities, ConRail should not be responsible for maintaining and improving marine operations. As a result, these lines would become available for the subsidies authorized in Title IV of the Regional Rail Reorganization Act of 1973.

Most marine operations of the bankrupt railroads in the Region have been declining for many years. These operations include:

Ann Arbor Railroad—

Lake Michigan Car Ferry Service

Penn Central—

Cape Charles, Virginia, to Little Creek (Norfolk), Virginia, Car Float Service

Penn Central, Erie Lackawanna and Lehigh Valley—

New York Harbor Car Float and Lighterage Services

Reading Company—

Delaware River Car Float Service

Mackinac Transportation Company—

Mackinac Straits Car Ferry Service

The Ann Arbor service on Lake Michigan, which has retained a reasonably substantial volume of traffic, essentially is part of a secondary through route in connection with the Green Bay & Western Railway. Similarly, the Cape Charles-Little Creek service is a link in a through route of secondary importance, although local factors are also involved. Traffic on this marine route also has held up relatively better than on the others.

The New York Harbor and Delaware River operations are essentially local in nature, handling traffic between rail terminals and waterfront locations not directly on the lines of the operating companies. The Mackinac Transportation Company's Mackinac Straits service forms a bridge between little-used branch lines.

Car-ferry operation is much more expensive than train operation on a per-mile basis. On a typical car ferry, 35 men perform the work that 5 men accomplish moving the same amount of traffic over rails. The cost of maintaining a ship and float bridges exceeds the equivalent cost of track and locomotive maintenance, and the ship uses much more fuel than a locomotive. The economics of car-ferry operation do not resemble those of marine transportation in general. In essence, it is a piggyback service of a very specialized nature whose sole justification is the avoidance of an extreme amount of railroad circuitry.

Gains in rail productivity have been made by increasing the size of individual cars, thus requiring less handling and switching per ton of cargo moved, and by increasing the number of cars made up into trains, thus requiring fewer crew and motive units. Bigger rolling stock and longer trains do not result in equivalent productivity gains for marine operation, however, because of the absolute limit on the number of rail cars that can be accommodated and thus the freight tonnage that can be floated. Moreover, as land freight speeds increase, water links are put at a further disadvantage.

The marine services in the Region are at a crucial juncture because certain vessels need imminent replacement, but they will have to compete for funds with mainline consolidation and improvement, including a

large amount of deferred maintenance. Large investments in new marine equipment could reduce operating costs substantially—including fuel, crew, general operating capacity, maintenance and repair. However, these investment expenditures to reduce marine operating costs would be desirable only where the marine service must of necessity be continued, since new investment which yields a lower but continuing deficit is less attractive than abandonment.

Two of the five marine operations in the Region are potential medium-density routes for freight service and are presently used for through freight. The Lake Michigan car ferries serve traffic which would otherwise move via the Chicago gateway; the Chesapeake Bay car float is an alternative to the Potomac Yard (Alexandria, Va.) gateway and also serves as a route for oversize loads; car-float interchange at New York Harbor avoids extreme circuitry for freight moving between the Long Island RR and the PC, LV and EL Railroads.

The revenues derived from waterborne traffic are generally lower than those which would be earned on the same traffic moving via an alternative rail route, since the water route is generally the short route and rail rates traditionally have been based on average costs and distance, not specific costs. Shippers recognize these rate-making benefits and press for continued marine service. On the other hand, service over the shorter land-water route can be more expensive to provide than longer all-land service.

The revenues attributable to a marine service such as a car ferry are not easily disentangled from overall revenues for the movement, and they depend heavily on the particular commodity and origin-destination combination. Thus, the analyses of individual marine operations set out below emphasize comparative costs of various land-water and all-land routes as being the most valid measure of the preferred alternative.

Ann Arbor Car Ferry Service

Currently, three railroads provide car ferry service across the center of Lake Michigan (see Figure 1):

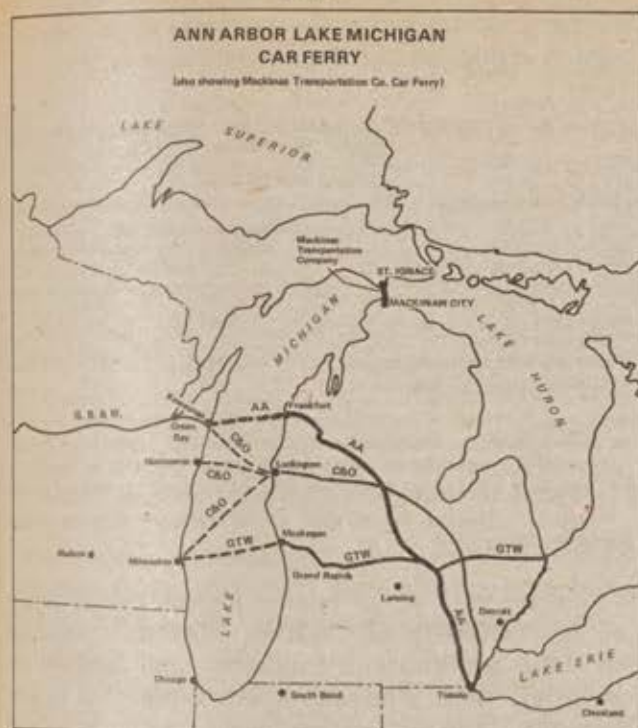
C&O (Chessie System) between Ludington, Mich., and Milwaukee, Manitowoc and Kewaunee, Wis.

Ann Arbor RR between Frankfort, Mich., and Kewaunee, Wis.

Grand Trunk Western RR between Muskegon, Mich., and Milwaukee, Wis.

Of the three, the Chessie's is the most extensive operation, serving three separate routes from a single port on the Michigan side of the Lake. The Ann Arbor service is second with 30-35 trips per week over its single remaining route. The GTW service consists of one round trip 5 days per week, the prime purpose of which is to provide access to Milwaukee. The Chessie and GTW

FIGURE 1



are seriously considering discontinuance of their car ferry operations.

The Ann Arbor car-ferry service normally is conducted by 1 vessel, the *Viking*, which is capable of handling 26 rail cars. A second ship, the *A. K. Atkinson*, is out of service due to the need for extensive repairs. The *Viking* is adequate normally for the amount of traffic currently handled; when a substitute or auxiliary vessel is needed, a spare GTW ferry is rented. Two round trips per day is the normal operation. Formerly three other car-ferry routes were operated from Frankfort by the Ann Arbor, but these were discontinued due to declining traffic. On the remaining Frankfort-Keweenaw route, traffic has remained relatively steady.

The principal connection on the Wisconsin side of the Lake at Keweenaw is the Green Bay & Western R. R.,

which operates a single main line without branches across northern Wisconsin, terminating at Winona, Minn., on the west bank of the Mississippi River. This line relies on the car-ferry connections at Keweenaw for approximately half its overall traffic. This traffic is divided between the Ann Arbor and the Chessie in a ratio of approximately 3:2. Thus, we find the AA and GB&W, two roads of comparable size and similar in some characteristics, each dependent upon the other for approximately 30 percent of its traffic. However, the GB&W still makes a small profit and the AA is bankrupt. That the AA is encumbered with the car-ferry operation probably is one of the principal reasons for the disparity. Table 1 shows the comparison.

Since most of the traffic using the car ferry is relatively long haul to the AA, it accounted for 51 percent of the 1973 revenue or approximately \$5,380,000. The northern 185-mile section of the AA is nearly devoid of local traffic and therefore almost wholly related to the car ferry.

As indicated in Table 2 total traffic averages approximately 2,500 cars per month, of which 1,600 are loads and 900 are empty cars. The percentage of loaded cars is approximately 70 percent eastbound, but total cars are reasonably close to balance. As the northern two-thirds of the Ann Arbor RR exists mainly for the ferry connection, it is apparent that the greatest revenue source is also the most acute problem.

Traffic over the Keweenaw-Frankfort route, which has held steady or increased slightly during the last 3 years, amounts to about 20,000 annual carloads, with the *Viking* generally used to capacity eastbound. Total

TABLE 1.—Comparison of the GB&W and AA operations, 1973

	Miles of road	Revenue (\$000)	Expense (\$000)	Net profit (loss) (\$000)	Operating ratio (percent)
GB&W....	254	\$8,820	\$8,638	\$282	82.5
AA.....	292	10,542	12,327	(1,785)	97.9

Source: Railroad operating records.

TABLE 2.—Ann Arbor Lake Michigan car ferry traffic between Keweenaw and Frankfort, monthly by direction, 1974

	Month									Monthly average	Average number of cars per trip
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.		
Westward:											
Loads.....	395	440	430	424	765	447	464	458	337	464	7.2
Empty.....	684	643	698	791	398	664	664	600	527	630	9.7
Total.....	1,079	1,083	1,128	1,215	1,163	1,111	1,128	1,058	864	1,094	16.9
Eastward:											
Loads.....	1,225	1,094	1,255	1,255	856	1,080	1,035	1,052	1,092	1,105	17.1
Empty.....	200	187	237	205	423	276	286	266	209	254	3.9
Total.....	1,425	1,281	1,492	1,460	1,279	1,356	1,321	1,318	1,301	1,359	21.0
Number of round trips.....	65	60½	69	67½	60½	65	65	67	62	64.6	

Source: Ann Arbor Railroad operating records.

Ann Arbor car-ferry traffic has declined substantially due to the reduction of vessels and routes served and to increased car sizes; more than 40,000 average annual carloads were moved by car ferry during the 1960's, but 1973 traffic was 27,000 carloads, and 1974 will show about 20,000 carloads, based on monthly movements through September. More than half the car-ferry traffic originates in either Minnesota, Wisconsin or Michigan, and more than half of traffic terminations are in Wisconsin, Michigan and Ohio.

Continuation of the Ann Arbor service is strongly supported by Wisconsin interests because of its assumed importance (a) for the traffic and revenues of the Green Bay & Western, (b) in providing a regular flow of empties westbound, (c) in providing what is viewed by shippers as better and more reliable transit time relative to the Chicago gateway and (d), probably uppermost in shippers' minds, providing the short-route rate base for traffic in the Northern Midwest, especially northern Wisconsin and Minnesota.

As seen in Table 3, total expenses charged to car-ferry operations for the single vessel in service during early 1974 have been approximately \$239,000 per month. This figure is inclusive of vessel depreciation and dock-side expenses at both Kewaunee and Frankfort. Deleting \$11,000 per month to reflect income earned in passenger service gives a net marine operating cost of \$228,000 per month, or about \$2.7 million per year. A comparison to revenues anticipated for 1974 traffic (which total less than 1973 because Manitowoc service has been abandoned) would leave about \$1.6 million, over and above marine costs, to defray rail costs for the northern trackage and shore facilities.

The two most likely alternatives are (1) upgrade the car-ferry service via purchase of a new vessel (which

could serve any ports designated) or (2) abandon the car-ferry service and route the traffic all-rail via Chicago. A comparison of these alternatives follows:

TABLE 4.—Comparison of present Lake Michigan car ferry and major alternatives

AVERAGE PER CARLOAD			
	Present service	New vessel Kewaunee-Frankfort	All-rail via Chicago
Marine costs.....	\$143	566	
Incremental rail costs ¹			83
Total-move costs (major shipments).....	\$843	\$564	\$83
Fuel consumption (gallons).....	150	144	54

¹ These costs are the total all-rail route costs less the rail portion of through-route costs incurred in a comparable movement via the car ferry; thus the "incremental rail" cost by way of Chicago is comparable to the marine cost by way of Frankfort.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

A new vessel would require incremental investment of approximately \$18 million. Further expenditures on shore facilities and supporting rail lines are not included. Both alternatives are superior to present service in that the cost per carload would be reduced while less energy was consumed. Foregoing any investment, it would be possible to save \$110 per car by routing through Chicago, whereas the new vessel would give lesser savings of approximately \$80 per car. The choice between these two alternatives will depend on the estimated benefit of increasing the level of traffic through Chicago versus the willingness of the various interested parties to provide financial support for the new vessel.

Retention of the marine operation would be slightly more attractive than portrayed in Table 4 if it were feasible to shift the service to the Chessie port of Ladington, thereby reducing the distance traveled for both segments of the move. Although this route would be difficult to arrange, it may be worthy considering if service is continued under subsidy.

Table 5, which follows, shows a more detailed cost relationship of various methods of moving traffic between selected points.

Tables 6 and 7 are included to show the origins and destinations of the traffic handled. As previously mentioned, it will be noted that the states of Michigan, Wisconsin, Minnesota and Ohio predominate.

Penn Central Chesapeake Bay Car Float

From the standpoint of geography, this service has some of the same characteristics the Ann Arbor service. It is a link in a secondary through route which parallels more heavily utilized trunk lines. As the AA ferry is important to the GB&W, the Cape Charles ferry is important to the Norfolk Southern Ry., now a subsidiary of the Southern, as it gives that carrier a long

TABLE 3.—Ann Arbor projected marine operating costs, 1974

Category	Operating cost per month
Boat Operation.....	\$99,000
Boat Maintenance.....	13,200
Miscellaneous Operation.....	600
Boat Depreciation.....	28,700
Boat Insurance.....	10,300
Frankfort Station and Dispatch Expense.....	8,000
Frankfort Maintenance of Equipment (Car Inspection).....	10,500
Dock Maintenance and Depreciation.....	2,200
Kewaunee Station, Joint Costs.....	1,600
Three Locomotive Units (Maintenance and Depreciation).....	11,250
Casualty Costs.....	14,300
Employee Benefits.....	39,500
Subtotal.....	239,150
Less Passenger Revenue.....	10,900
Total.....	228,250

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

TABLE 5.—Comparison of carload cost for total movement, selected movements and alternatives, Ann Arbor Lake Michigan ferry

Movement	Present service	Present service (capacity)	Upgraded service present traffic	Upgraded service increased traffic	Upgraded and consolidated service	Chessie	All rail	Total revenue
Marine cost.....	\$143.00	\$90.00	\$162.00	\$86.00	\$62.00	\$90.00	\$32.45	.....
Owosso to Kenoisha.....	495.49	442.49	514.49	418.49	397.83	425.83	375.42	\$559
Green Bay to Detroit.....	456.07	403.07	475.07	379.07	361.30	389.30	365.70	317
Green Bay to Toledo.....	514.32	461.32	533.32	437.32	413.04	441.04	453.13	645
Algoma to Pittsburgh.....	654.27	601.27	673.27	577.27	552.93	580.93	553.10	879
Wisconsin Rapids to Jersey City.....	1,019.16	966.16	1,038.06	942.16	920.41	948.41	916.43	927
Wausaukee to Milwaukee.....	561.76	508.76	580.76	484.76	449.95	477.95	392.64	807
Darburn to St. Paul.....	592.97	539.97	611.97	515.97	496.14	524.14	510.51	724
Green Bay to Lima.....	489.02	436.02	508.02	412.02	393.21	421.21	334.54	298
Casper to Flat Rock.....	1,006.64	953.64	1,025.64	907.65	929.64	635.65	893.31	2,250
Total.....	5,789.70	5,312.70	5,960.60	5,074.71	4,914.45	5,144.46	4,794.78	6,406
Average of 9 moves.....	643.30	590.30	662.29	563.86	546.05	571.61	532.75	711

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

haul on traffic so routed. Also, the water link is at the extreme end of a line with little intermediate traffic, as is the AA's marine operation at Frankfort, Mich. (See Figure 2.)

Another reason for the Cape Charles link is that it is PC's only access to the Norfolk area. Historically this factor weighed more heavily than at present, since the absence of the interline traffic would mean a light density operation indeed. This link is also used to some extent for over-dimension shipments which cannot be handled on the principal trunk lines because of restricted clearances. There is no competing service of

a similar nature between the Delmarva Peninsula and Norfolk. The C&O (Chessie) has limited marine operations in the Hampton Roads area, serving different locations.

This operation uses the tugboat and car-float principle instead of the car ferry employed on Lake Michigan. Present marine equipment includes two 1,600 HP diesel-electric tugs known as the *Chicago* and *Philadelphia*, both of which were built in 1955. Two barges (car floats) are also used, only one of which, the *Captain Edward Richardson*, is owned by PC. The second barge is leased from the C&O as necessary. The *Richardson* was built in 1948 and has a capacity of 26 average cars, and the C&O float can accommodate 18 cars. The *Richardson* is leaky and in poor condition, notwithstanding extensive repairs made in 1973.

The crew requirement of the car-float operation is 12 men per 8-hour shift, roughly equivalent to the car-ferry operation on Lake Michigan which requires 35 men for a round-the-clock operation. The operation is conducted on an unscheduled basis, averaging four round trips every 24 hours.

The Penn Central car float handled about 51,000 cars in 1972 (data for 1973 are not reliable due to both the *Richardson* and the Delmarva mainline being out of service for several months). Of this total, about 30,000 carloads were floated, of which 58 percent were north-bound. The traffic for the year ending June, 1974, has not recovered to the 1972 level and amounted to only 25,000 carloads. At carload levels of 1972, utilization would not approach maximum engineering capacity under continuous operation. Also, the service is unreliable due to weather and equipment problems. A large majority of the carloads floated are overhead or bridge traffic (about 70 percent in 1972), which Penn Central could interchange on or off the Washington area or farther west in the event of car float abandonment, but PC would receive a shorter haul.

More than one-half the carloads floated in 1973 (USRA data tapes) showed origination in the four

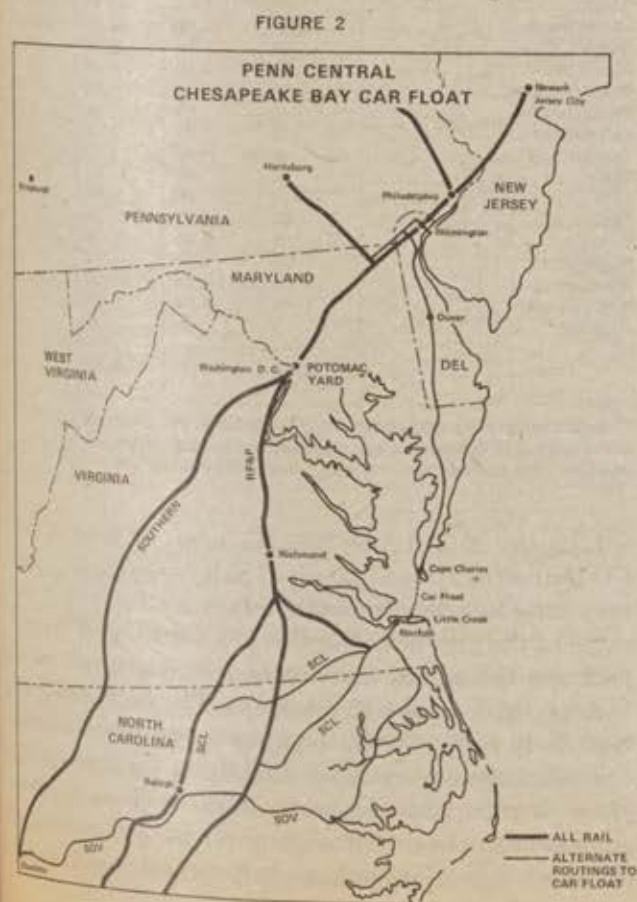


TABLE 6.—Ann Arbor Lake Michigan car ferry data, 1973; by origin state or province

Origin state or province	Total carloads	Total tons	Ann Arbor revenue	Total revenue
Alberta	176	9,760	\$33,481	\$293,413
Alabama	15	727	1,745	12,040
Arkansas	3	122	652	3,141
British Columbia	1,555	67,213	293,435	2,610,873
California	349	14,450	67,371	705,228
Colorado	6	194	1,081	6,881
Connecticut	8	232	1,173	6,698
District of Columbia	42	1,857	7,649	30,201
Delaware	8	592	1,846	13,924
Florida	75	4,872	8,105	85,617
Georgia	784	64,153	112,600	1,175,206
Iowa	8	288	1,093	6,725
Idaho	591	25,592	102,561	900,358
Illinois	30	756	4,156	15,745
Indiana	22	698	4,268	13,380
Kansas	1	18	107	459
Kentucky	27	868	2,569	12,817
Louisiana	10	512	1,588	9,384
Massachusetts	40	874	5,538	31,872
Manitoba	37	2,418	10,507	69,619
Maryland	23	933	5,319	21,351
Maine	272	9,618	40,563	224,231
Michigan	3,297	159,247	817,356	2,772,464
Minnesota	3,099	126,587	638,139	3,085,073
Missouri	2	71	295	1,175
Mississippi	1	50	74	582
Montana	302	13,759	50,759	463,677
Nebraska	17	564	2,351	14,431
North Carolina	71	2,741	5,547	51,041
North Dakota	171	7,478	39,819	183,306
New Brunswick	6	114	965	4,556
Newfoundland	9	482	1,817	14,722
New Hampshire	20	654	2,960	16,942
New Jersey	63	2,370	14,225	71,005
Nova Scotia	47	2,856	10,954	71,163
Nevada	4	131	698	4,515
New York	286	10,299	41,452	176,289
Ohio	1,463	47,997	359,509	1,625,536
Oklahoma	12	344	1,053	8,762
Ontario	343	21,604	110,446	404,251
Oregon	889	38,433	172,595	1,548,810
Pennsylvania	649	19,916	134,733	714,090
Quebec	254	11,012	51,640	278,677
Rhode Island	1	49	86	692
South Carolina	108	6,267	12,594	121,798
South Dakota	69	3,508	16,064	74,045
Saskatchewan	1,330	169,101	380,907	2,586,438
Tennessee	2	56	194	2,440
Texas	5	184	636	2,368
Utah	3	169	541	4,218
Virginia	115	4,788	19,863	72,718
Vermont	19	760	3,406	20,694
Washington	967	42,946	181,963	1,572,057
Wisconsin	8,826	288,043	1,614,305	4,897,922
West Virginia	13	722	3,594	11,721
Wyoming	517	132,930	138,456	925,552
Total ¹	27,011	1,322,888	5,380,093	28,062,293

¹ Approximate totals only. Exact totals not possible due to data processing difficulties and possible differences between scheduled routing and actual.

Source: Special USRA computer run of Ann Arbor traffic tapes for 1973.

states of North Carolina, Virginia, Delaware and Pennsylvania, and these same four states also received more than one-half the traffic terminated after being floated. The state of Maryland had substantial terminating traffic, though it did not show many originations.

Table 8 is a summary of traffic handled during 1972, demonstrating the dominance of bridge or overhead traffic.

TABLE 7.—Ann Arbor Lake Michigan car ferry data, 1973 by destination state or province

Terminating state or province	Total carloads	Total tons	Ann Arbor revenue	Total revenue
Alberta	53	942	8,799	\$86,937
Alabama	30	1,062	2,444	25,230
Arizona	10	140	2,444	15,771
British Columbia	26	966	6,441	61,267
California	271	9,921	50,296	540,398
Colorado	12	264	1,769	13,494
Connecticut	501	19,186	73,090	533,473
District of Columbia	38	1,120	6,325	26,565
Delaware	112	3,939	19,096	116,067
Florida	63	1,353	4,319	35,044
Georgia	34	1,000	2,489	26,127
Iowa	15	227	2,237	9,165
Idaho	14	264	2,456	19,800
Illinois	76	2,474	10,318	52,121
Indiana	241	8,479	36,463	154,367
Kansas	1	14	92	887
Kentucky	200	13,294	43,564	213,369
Massachusetts	892	30,354	133,564	733,213
Manitoba	22	858	4,403	30,419
Maryland	392	12,968	72,078	410,436
Maine	198	6,741	28,501	190,259
Michigan	4,976	218,806	1,084,208	5,250,898
Minnesota	1,927	77,319	417,304	1,732,289
Missouri	4	90	499	2,000
Montana	116	7,789	28,182	164,830
Nebraska	6	183	1,291	9,009
North Carolina	36	1,254	3,894	33,004
North Dakota	109	2,971	15,793	87,646
New Brunswick	3	66	707	2,723
Newfoundland	10	380	6,117	30,235
New Hampshire	92	3,837	13,332	96,303
New Jersey	799	30,881	142,361	818,167
New Mexico	4	75	361	4,960
Nova Scotia	100	103,918	28,470	233,362
New York	2,297	89,848	413,743	3,133,397
Ohio	6,067	345,955	1,273,434	5,857,412
Ontario	218	9,997	42,712	256,363
Oregon	240	5,580	56,571	483,379
Pennsylvania	1,944	75,143	351,139	2,064,884
Quebec	118	4,372	26,043	183,633
Rhode Island	74	2,319	9,341	77,773
South Carolina	20	583	2,169	19,086
South Dakota	35	1,070	7,662	29,657
Saskatchewan	23	365	3,950	32,761
Tennessee	92	4,934	9,592	83,940
Texas	3	100	304	2,340
Utah	5	182	1,041	10,098
Virginia	335	14,778	55,710	361,196
Vermont	139	5,495	28,110	110,194
Washington	213	4,037	53,922	407,089
Wisconsin	3,723	192,191	830,556	2,944,982
West Virginia	81	2,776	14,405	77,945
Wyoming	4	44	497	3,340
Total ¹	26,901	1,322,982	5,529,438	27,976,473

¹ Approximate totals only. Exact totals not possible due to data processing difficulties and possible differences between scheduled routing and actual.

Source: USRA computer run of Ann Arbor traffic tapes for 1973.

Like the Ann Arbor RR, the lower 90 miles of the PC Delmarva Branch, south of Salisbury (see map) has very little local traffic and therefore exists primarily because of the marine connection. This trackage is in very poor condition, and the cost of restoring it to a satisfactory level would be excessive. The funds could be used more productively to improve main-line trackage.

Total expenses charged directly to car-float operations on the Chesapeake in 1972 by Penn Central amounted to about \$2.9 million for the year, inclusive of vessel depreciation and yard-dockside expenses. A

USRA contractor estimated that, after accounting for inflation, this is equivalent to about \$3.5 million for 1974. There are no truck or passenger revenues to defray part of these expenses, as in Lake Michigan operations. Penn Central has reported gross revenues of about \$8.5 million on the traffic floated in 1972 (USRA tapes show about \$6.8 million for atypical 1973 traffic data), leaving some contribution to defray the nonmarine rail costs of moving the traffic plus shore facilities. Penn Central has estimated a deficit overall on the car-float traffic, based on marine costs plus long-term variable

TABLE 8.—Penn Central traffic and revenue at Norfolk stations and Interchange, 1972

Class of traffic	Cars	Tons	PC revenue	Gross revenue
Originated and forwarded.....	2,501	144,543	\$951,497	\$1,034,239
Received and terminated.....	5,840	333,592	2,815,066	3,287,075
Bridges.....	19,655	1,028,764	4,841,534	11,973,907
Total.....	27,996	1,504,899	8,608,097	16,295,221

Source: Penn Central Transportation Co.

rail costs for the land portion of the haul, which amounted to about \$1.2 million per year, using 1972 data. Table 9 details the marine costs.

TABLE 9.—Penn Central Chesapeake Bay car float, annual operating cost

Category	1972 operating cost	1974 operating cost ¹
Marine transportation.....	\$684,600	\$942,058
Basis expense:		
Cape Charles.....	33,621	41,353
Norfolk.....	63,436	78,026
Maintenance of float equipment.....	236,985	291,491
Maintenance of way.....	77,859	95,766
Maintenance of structures.....	68,551	84,317
Insurance and depreciation.....	52,478	64,548
Yard operation, Cape Charles.....	331,887	408,221
Yard operation, Little Creek.....	255,154	313,889
Joint facility operation and truckage.....	127,413	156,718
Payroll taxes and fringe benefits.....	312,864	384,823
Other expense:		
Property tax accruals.....	31,322	38,526
Car cost (prorated per diem between Norfolk and Cape Charles).....	418,200	514,386
Personal injuries and property damage.....	181,896	223,734
Miscellaneous.....	2,194	2,698
Total.....	2,878,465	3,540,504

¹ Inflation factor 1973-74 is 1.23.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

Several alternatives have been considered for the Chesapeake Bay car float. They are similar to those considered for the Lake Michigan service. Present service compares poorly with both (1) an upgraded service operated with a new vessel, most likely a self-propelled barge with potential for use in container service as well, and (2) abandonment of the car float in favor of all-rail

movement through the Potomac Yard (Alexandria, Va.) gateway. Two different alternatives have been costed for new vessels: a vessel with a capacity of 30 cars and another vessel which could accommodate 60 cars, both of which were originally investigated for Penn Central.¹ A comparison of the unit cost projected for each of these alternatives follows in Table 10:

TABLE 10.—Comparison of PC car float and major alternatives

	Present service	New vessel		All-rail
		30-car	60-car	
Marine costs.....	\$120	\$58	\$31	
Incremental rail costs ¹				\$57
Total-move costs (major shipments).....	\$546	\$494	\$457	\$483
Fuel consumption ² (gallons).....	32	41	31	20

¹ See note to Table 4.

² Philadelphia-Norfolk only.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

The comparison table shows that all three alternatives compare favorably with the current car-float service. The new 30-car vessel and the all-rail movement via Potomac Yard are estimated to have the same unit costs of \$483-\$484, an improvement of about \$60 over current car-float operations, and also better than the current equipment operating at full capacity (not shown). The incremental rail costs of \$57 for an all-land movement are almost identical to the projected marine costs and would require little or no investment, though some peninsular traffic would be forced to use trucks through the Bay Bridge Tunnel at a cost estimated to be almost equivalent to the current car float.

A new 60-car vessel would have more favorable marine costs than a smaller vessel, reducing marine costs to \$31 per carload. However, the larger capacity vessel would have to attract enough traffic to permit operation at efficient cost levels, since the achievement of reduced unit cost is almost entirely dependent upon full utilization of the new equipment. The total traffic required to use the proposed vessel to capacity amounts to 120,000 cars yearly, including 69,000 loaded cars, more than double the volumes experienced in 1972.

Such traffic volumes are perhaps available, but very good service/marketing would be required to achieve them even if PC controlled the routing, and it would be at the expense of Potomac Yard traffic, which requires no new investment. Utilization of the Potomac Yard gateway would decline to the extent that traffic is diverted. Moreover, the capital investment required for the vessel alone is estimated to be about \$7 million, and the float bridges, support facilities and Delmarva main line are all in poor condition.

¹ H. M. Tiedemann & Co., Inc., did marine consulting work for PC on these vessels.

Therefore, purely on economic considerations, this operation is excluded from the Preliminary System Plan. This assumes the absence of financial support from other sources, such as local interests in the affected states, the Virginia Port Authority, etc. A number of these interested parties are desirous of continuing this operation, but it is not known at the present time to what extent, if any, they may be able or willing to generate financial assistance. Another alternative which has not been studied is the possibility of a solvent carrier, for example, Southern Ry. or RF & P (see Chapter 4), assuming the operation of the car float and the Delmarva Line.

Table 11, which follows, is an expansion of the data contained in Table 10, showing the cost comparison for total movement between selected points. Tables 12 and 13 summarize the origins and destinations of 1973 traffic.

New York Harbor Marine Operations

New York Harbor rail marine operations are unique in that both car float and lighterage service are available from two or more trunk-line rail carriers. These services have differing origin and destination points, depending on the trunk-line carrier and dock railway or consignee-consignor involved. (See Figure 3.)

Car floating involves the movement of rail cars on and off floating barges at float bridge facilities which adjust for tidal variations. The average car float has 2 to 4 tracks with a total capacity of 14-20 forty- and fifty-foot rail cars. Car floating allows rail carriers and waterfront customers without land connections or with circuitous land connections to receive and deliver rail cars.

Lighterage service involves the unloading of a freight car's contents and placement of the lading onto an open or covered lighter (barge, scow, stickboat). Lighter deliveries can vary in weight from a few hundred pounds to several tons, and heavy single-unit loads such as tractors, transformers and generators are frequently handled in lighterage service.

Historically, lighterage has been provided for commodities that move at a tariff considered to be at or above fully compensatory levels. Thus, what would normally be termed an accessorial service (in addition to "normal" rail services, such as mechanical protective service) was, in practice, an extension of the line-haul carriage and was probably quite profitable even considering total marine costs incurred.

Before the turn of the century, line-haul rail carriers operated marine equipment in New York Harbor, providing car float and lighterage service for domestic and import-export shipments. During the period 1911-17, after the Pennsylvania Railroad gained control of the New Haven, car-float facilities were enlarged in anticipation of the opening of the Hell Gate Bridge. New Haven freight trains began operating to Bay Ridge after the Hell Gate Bridge was opened, taking advantage of the shorter car float route between the New Haven's Bay Ridge Yard and Pennsylvania terminal at Greenville. As recently as 10 years ago, 8 major trunk-line rail carriers were involved in New York Harbor rail-marine operations.

On January 1, 1969, the New Haven was formally merged into the Penn Central system. This, and the preceding merger of the New York Central and the Pennsylvania, significantly altered the freight routing patterns between New England and areas west of the Hudson River. Prior to these two mergers, movements from other than the New York Central were routed New York Harbor via the interchanges at Campbell Hall or Maybrook and over the Poughkeepsie Bridge. After the mergers, all nondock company routings were via Selkirk Yard near Albany. In 1969, car-float operations at Bay Ridge were closed and the track removed from the Bay Ridge terminal area.

Traditionally, rates to the greater New York area have been equalized. This equalization was predicated on the premise that New York City and the eastern New Jersey shoreline were integral elements of a single economic entity. It is only in the last few years that some large volume bulk commodity rates distinguished between Brooklyn, N.Y., and Jersey City, N.J.

Thirty years ago, a tremendous amount of intramodal rail competition existed. This competitive environment has diminished as mergers and consolidations of carriers have occurred. The merger of the New York Central, Pennsylvania and New Haven Railroads into the Penn Central in 1968 and 1969, and the cessation of marine operations by other rail carriers during the

FIGURE 3

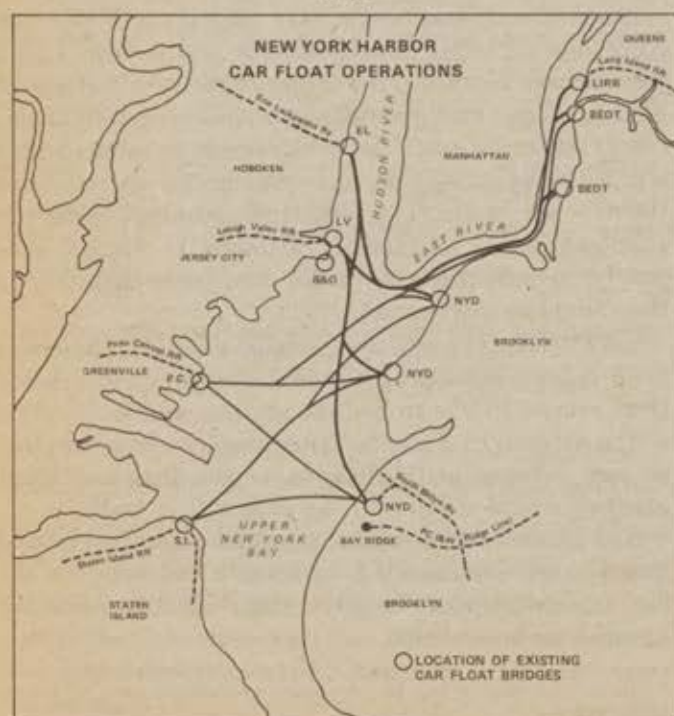


TABLE 11.—Comparison of carload cost for total movement, selected movements and alternatives, Penn Central Chesapeake Bay carfloat

Movement	Present service	Present service (capacity)	Upgraded service (30-car)	Upgraded service (60-car)	All truck	All rail	Total revenue
Marine cost	\$120.00	\$66.00	\$58.00	\$31.00	\$120.47	\$57.29	
Austinville to Keller	528.60	474.60	496.60	436.60	577.92	524.52	\$284
Cameron to Salisbury	450.17	396.17	388.17	361.17	419.15	403.15	644
Plymouth to Baltimore	472.87	418.87	410.87	383.87	500.91	361.60	460
Seaford to Charlotte	478.00	424.00	416.00	389.00	345.04	429.29	360
Adel to Salisbury	540.20	486.20	478.20	451.20	314.03	506.82	352
Augusta to Boston	952.89	808.89	890.89	863.89	1,424.44	818.22	1,253
Norfolk to Philadelphia	299.34	345.34	337.34	310.34	243.93	340.08	432
Total	3,821.87	3,444.07	3,388.07	3,199.07	3,825.37	3,383.06	3,791
Average of 7 moves	545.98	492.01	484.01	457.01	546.48	483.30	542

* For example: Present service cost of Austinville—Keller equals rail cost (\$408.60) plus marine cost (\$120) or \$528.60.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

TABLE 12.—Penn Central Chesapeake Bay car float data by origin state or province, 1973

Origin state or province	Total carloads	Total tons	Penn Central revenue	Total revenue
Alabama	2	81	\$530	\$3,057
Alabama	112	3,443	26,622	79,050
Arkansas	31	884	13,893	33,496
British Columbia	12	493	4,545	21,087
California	121	4,874	68,428	223,332
Connecticut	35	1,282	14,445	21,145
Delaware	1,199	41,234	230,752	666,963
Florida	855	48,417	207,787	714,332
Georgia	1,199	30,137	201,705	573,409
Iowa	18	851	8,958	20,005
Idaho	7	297	2,931	11,426
Illinois	601	51,549	385,631	408,640
Indiana	1,336	109,668	795,400	833,708
Texas	10	245	4,820	11,928
Kentucky	13	489	4,726	9,676
Louisiana	116	4,824	44,465	127,426
Massachusetts	82	1,757	40,765	79,372
Maryland	385	16,612	100,050	261,921
Maine	99	3,393	28,486	80,663
Michigan	161	10,067	81,565	90,603
Minnesota	20	414	7,754	14,001
Missouri	25	754	10,618	19,742
Mississippi	73	2,165	37,984	89,737
Montana	8	331	2,977	12,865
Nebraska	23	486	4,100	18,584
North Carolina	3,388	181,063	987,306	1,891,684
Newfoundland	2	122	2,431	4,104
New Hampshire	7	106	1,471	4,850
New Jersey	463	15,992	132,402	249,930
New Mexico	8	734	6,998	16,350
Nova Scotia	7	270	1,908	8,164
New York	592	12,067	246,390	385,333
Ohio	1,328	94,986	735,778	754,903
Ontario	53	1,861	40,182	60,022
Oregon	54	2,274	22,920	87,950
Pennsylvania	1,065	46,916	372,799	705,023
Prince Edward Island	5	92	1,391	3,928
Quebec	277	16,699	129,321	433,054
Rhode Island	25	555	25,811	26,172
South Carolina	622	20,892	123,539	344,129
Saskatchewan	75	4,299	32,254	99,212
Tennessee	18	614	3,344	9,631
Texas	70	3,624	31,893	129,793
Virginia	5,311	289,604	1,526,297	2,041,051
Vermont	24	536	5,601	10,669
Washington	17	739	7,961	30,653
Wisconsin	24	630	9,781	17,784
West Virginia	26	1,466	9,030	15,456
Wyoming	3	214	250	1,063
Totals	20,097	1,049,062	6,782,945	11,751,182

Source: USRA computer run of Penn Central traffic tapes for 1973.

TABLE 13.—Penn Central Chesapeake Bay car float data, 1973, by destination state or province

Destination state or province	Total carloads	Total tons	Penn Central revenue	Total revenue
Alabama	46	1,674	\$14,653	\$41,746
California	17	492	4,229	32,539
Connecticut	330	18,557	171,938	228,689
District of Columbia	9	122	1,507	2,010
Delaware	1,777	103,896	466,287	1,015,233
Florida	348	13,297	119,595	363,077
Georgia	576	22,396	150,741	437,267
Illinois	20	736	11,387	18,675
Indiana	142	4,971	97,614	124,784
Kentucky	2	16	558	1,719
Louisiana	23	825	7,963	34,947
Massachusetts	221	9,500	103,924	105,270
Maryland	3,363	148,023	723,971	1,764,770
Maine	9	652	2,915	8,823
Michigan	41	1,956	22,555	34,161
Mississippi	8	367	2,771	9,004
North Carolina	1,550	63,102	399,651	1,000,490
New Hampshire	7	427	3,393	5,236
Nova Scotia	1,187	59,077	377,263	585,854
New York	635	29,785	273,778	438,221
Ohio	130	5,144	55,002	88,800
Ontario	9	349	6,474	9,017
Oregon	3	73	915	5,675
Pennsylvania	1,428	65,700	452,286	716,485
Quebec	88	4,721	54,146	73,354
Rhode Island	78	3,748	40,139	59,375
South Carolina	236	8,853	72,871	194,563
Tennessee	113	3,703	24,127	74,653
Texas	27	627	18,243	48,241
Virginia	7,538	465,343	3,102,661	4,146,290
Vermont	9	572	3,275	7,410
Washington	9	280	4,045	20,011
Wisconsin	10	412	2,710	9,016
West Virginia	30	1,200	7,763	20,802
Totals	20,023	1,040,707	6,802,721	11,776,470

Source: USRA computer run of Penn Central traffic tapes for 1973.

preceding years modified the environment to an oligopolistic one.

The growth of intermodal competition in the last two decades has also exerted significant influence on the rail-marine level of competition through the reduction of total tonnage which rail transportation carriers attract. Many goods, especially those lightered, are rail-truck competitive. With lower total transit time and less

variability in transit time, the motor carrier became a more formidable competitor for lighterage traffic.

The level of rail-carrier aggressiveness in marketing mail-marine services can have an impact, either positive or negative, on the traffic volume handled. Many persons have expressed opinions that rail carriers not only do not actively seek this traffic, but in fact actively discourage it. The following railroads still serve New York Harbor:

Penn Central currently operates both car-float and lighterage service from its Greenville terminal near Jersey City, N.J.

Erie Lackawanna has the second largest New York rail-marine operation in terms of volume. This road currently offers both car-float and lighterage service from its New Jersey facilities. It is owned by Dereco, Inc., a wholly owned subsidiary of the Norfolk & Western. (USRA's study excludes detail on EL.)

Lehigh Valley is currently engaged in car-float operation only, having received ICC authority to abandon its lighterage operation in 1970.

Staten Island B&O. Although still in operation, traffic is now minimal.

Present volume of car-float traffic is approximately 50,000 to 55,000 cars per year between the trunk lines and the terminal carriers in Brooklyn—Brooklyn Eastern District Terminal and New York Dock Ry. With one minor exception, these terminal companies have no all-rail access and are therefore dependent upon the car-float service. A small amount of traffic is floated to/from Long Island R.R., i.e., Erie Lackawanna and Lehigh Valley traffic, but not Penn Central. Penn Central floated 20,800 cars and Lehigh Valley floated 14,800 in 1973. In 1974 the Erie Lackawanna floated 18,600 cars. Cost is estimated to average \$43 to \$60 per car.

PC lighterage traffic for 1973 is estimated at 60,000 to 80,000 tons, with an estimated unit cost of \$17 to \$22. As seen in Table 14, this traffic has shrunk drastically in recent years. The Erie Lackawanna currently estimates a loss of \$28 per ton on lighterage service.

Table 15 shows present railroad-owned marine equipment.

Table 16 shows the traffic carried, revenue divisions in total and per car, and marine cost as a percent of those revenue divisions for the Penn Central and Lehigh Valley in 1973.

The marine costs range from 13 percent to 30 percent of the total average revenue received by the Penn Central and Lehigh Valley. Since the rates applicable to New York Harbor car floating are equalized for the area; that is, the rate to New Jersey is the same as the rate for a car floated to Brooklyn, a carrier that car floats a car to Brooklyn will have only 70 to 87 percent of its revenue division remaining to cover nonmarine costs. If the car had been terminated on the New Jersey shore, the carrier would incur no marine costs. Either the New

TABLE 14.—New York Harbor rail marine traffic and cost data

	Cost per unit	Carloads by carriers			Total carloads
		Penn Central	Lehigh Valley	Erie Lackawanna	
Car float:					
1962.....		•	•	•	670,000
1966.....	\$20.00	•	•	•	371,000
1967.....		36,000	•	•	•
1973.....	43-60	20,800	14,800	•	•
Tonnage by carrier					
					Total tonnage
Lighterage:					
1961.....		•	•	•	4,360,000
1962.....	3.00	•	•	•	•
1965.....	7.75	•	•	•	•
1968.....		535,000	•	•	•
1969.....	11.50	533,000	•	•	•
1970.....		461,000	•	512,000	1,670,000
1971.....		189,000	•	•	•
1972.....		80,000	•	•	•
1973.....	17-22	75,000	•	•	•

*Information not tabulated in contract study.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

Jersey land termination is an extremely profitable movement, or the land plus car-float movement is an unprofitable one. All indications point toward the latter being true.

Contract provisions in effect also favor the terminal companies on "free" days, demurrage, rate divisions and responsibility for switching and prompt unloading of floats. A USRA study estimated that marine costs amount to 15-20 percent of total freight revenues.

Figure 4 shows the degree of circuitry incurred in reaching Long Island as a result of curtailed floating operations. At present Erie Lackawanna and Lehigh Valley traffic for the Long Island RR is floated via New York Harbor but all PC traffic is moved via Selkirk. This is by far the largest interchange with Long Island. As indicated by the map, traffic to/from the West is not

TABLE 15.—New York Harbor rail marine equipment, 1963 and 1973

	Carriers						Total	
	Penn Central		Lehigh Valley		Erie Lackawanna			
	1963	1973	1963	1973	1963	1973	1963	1973
Float bridges.....	•	2	•	1	•	1	•	4
Tugs.....	38	3	4	1	15	•	57	4+
Car floats.....	109	9	14	2	38	•	161	11+
Lighters.....	327	24	62	•	201	•	590	24+
Total floating.....	474	36	80	3	254	•	808	39+

*Information not tabulated in contract study.

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975.

TABLE 16.—New York Harbor estimated car-float revenues and costs, 1973

	Carrier		
	Penn Central	Lehigh Valley	Total
Cargos.....	20,800	14,770	35,570
Tons (000).....	923	656	1,579
Revenue division (000).....	\$6,850	\$3,990	\$9,840
Revenue per car.....	\$329	\$262	\$277
Marine costs as a percentage of revenues.....	13.1-18.2	21.3-29.7	15.5-21.7

Source: A. T. Kearney, Inc., *Analysis of Railroad Operated Ferry and Lighterage Operations*, January 1975. *

hampered in any way; however, the degree of circuitry for southern traffic is quite extreme. This would be improved considerably if it moved via Maybrook and the Poughkeepsie Bridge. The same would be true, of course, for traffic to/from southern Connecticut and the New York City area.

Abandonment of the float bridges at Greenville is an alternative that has been considered. The all-land route via Selkirk is very circuitous, and there are no land connections to Brooklyn terminals (except Bush Terminal), so much of the traffic would probably be lost without the floating operations. Consolidation of all railroad car-float connections, presumably at Greenville, would permit cost reduction in support facilities and more efficient scheduling and turnaround for the tugs of the terminal companies (which would be improved further if EL were included). If the latter savings were passed along to ConRail via better contract terms from the Brooklyn terminals, then continuing operations of the float bridges might be warranted.

The Preliminary System Plan recommends the abandonment of lighterage service as directly performed by the railroads, with this service provided by numerous commercial firms available in the area. Existing car-float operations are recommended for continuation under contract with the terminal companies on the condition that a more satisfactory contractual arrangement with ConRail can be consummated and all operations concentrated at one location. If this cannot be accomplished, other alternatives must be studied.

Reading Company Delaware River Car Float

The Reading Company maintains a small car-float operation on the Delaware River between Delaware River Pier, near Wilmington, Del., and Carney's Point, N.J., and between Delaware River Pier and Thompson's Point, Gibbstown, N.J. This operation consists of one crew Monday through Friday. The Delaware River Pier—commonly known as Pigeon's Point—is at the extreme end of the Wilmington Branch, which extends from Birdsboro, Pa. The southerly portions of this line below Coatesville, Pa. remains open primarily

for the Delaware River traffic. A small amount of Wilmington area traffic is also handled. (See Figure 5.)

Floating equipment consists of a single 1,200 HP diesel tug, known as the *Brandywine*, plus 1 car float of 26-car capacity and 2 smaller floats, each with a 24-car capacity. There is a small 6-track yard and float bridges at Pigeon's Point on the Delaware side of the river, and on the New Jersey side there are bridges at 2 locations: Carney's Point, also known as Deepwater, and Gibbstown, which is also known as Thompson's Point, approximately 10 miles north of Carney's Point. At both these locations the du Pont Corp. has industrial facilities, the sole reason for the floating operation. However, these plants also have all-land access by rail, as they are both located on the PRSL. The principal reason for the car-float operation is to maintain a competitive route into the New Jersey plants for the Reading Company.

Normally, service consists of 2 round trips (Monday through Friday) between Pigeon's Point and Carney's Point and a single round trip between Pigeon's Point and Thompson's Point. A single crew is employed for this operation. Du Pont performs the car handling on the New Jersey side of the river. On occasion a trip is made on Saturday or Sunday, but du Pont pays the entire cost when this is necessary. Traffic for the first 11 months of 1974 averaged 358 cars per month to/from Carney's Point and 75 per month to/from Thompson's Point. These totals add both directions.

Cost data is incomplete but includes the following items:

Tugboat crew.....	\$23,290/month.....	\$158,280/year
Yard crew.....	1,125/ week.....	58,500/year

Recently this service was discontinued temporarily due to an accident in which an ocean-going vessel struck the float bridge at Pigeon's Point. While the floating operation was out of service, cars were moved into Thompson's Point and Deepwater via the PRSL.

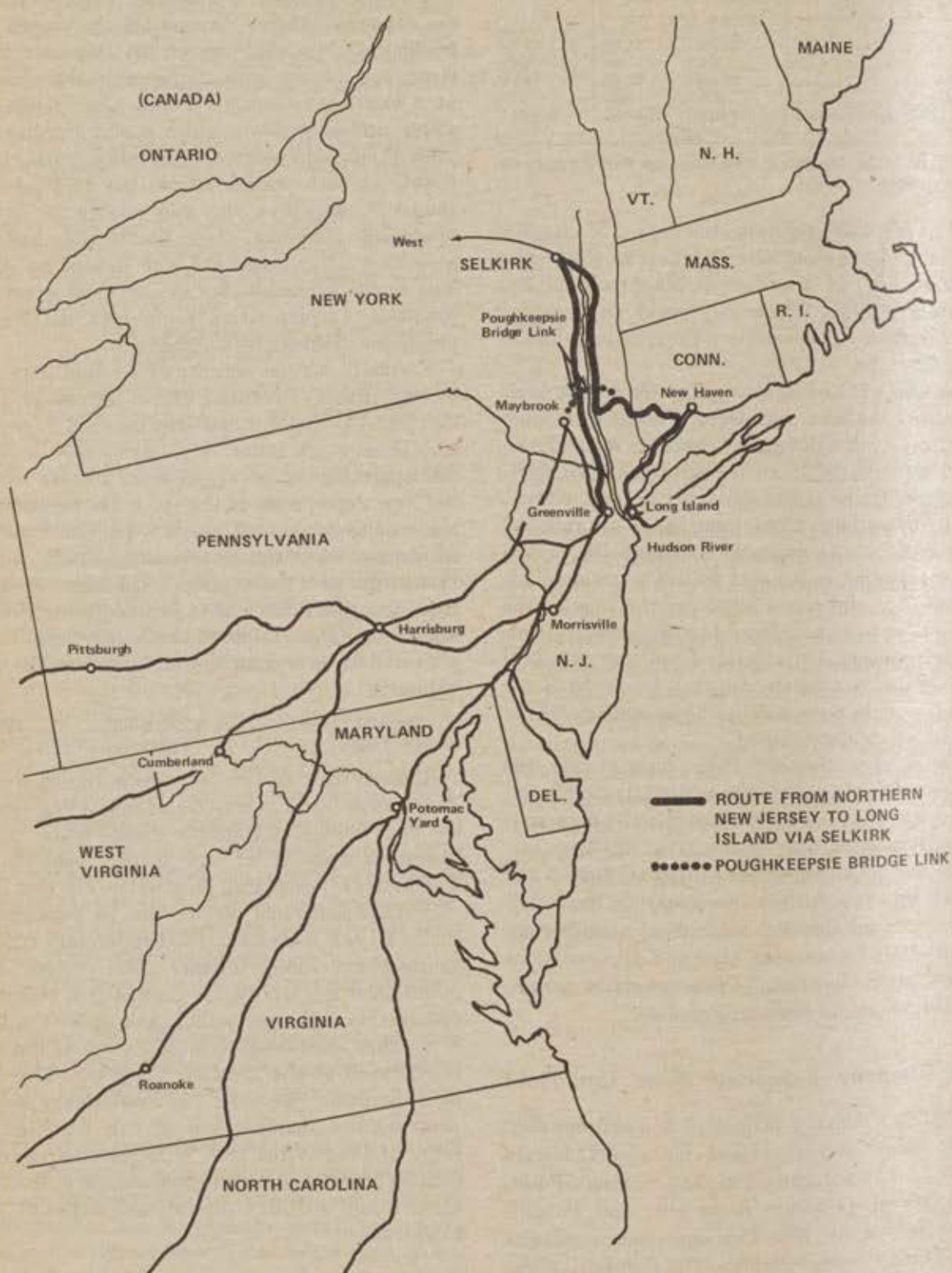
Since satisfactory service can be provided by less costly all-rail movement, the Preliminary System Plan contemplates discontinuance. The present service is maintained essentially for competitive reasons, which presumably no longer would exist under ConRail.

Another consideration is the future of the Wilmington Branch of the Reading Company. This line is in poor condition generally. The Preliminary System Plan proposes the abandonment of this trackage, at least south of Coatesville, with Wilmington area traffic handled by alternate lines; discontinuance of the float operation would simplify the rationalization of Wilmington's traffic.

Mackinac Transportation Company

This company, of which Penn Central is the majority owner (with the Soo Line having a minority interest), operates a car-ferry service between Mackinaw City

FIGURE 4
CIRCUITY OF APPROACH FROM SOUTH
TO LONG ISLAND VIA SELKIRK



nificant future productivity gains would not be attainable using the marine services and that marine costs are more susceptible to fuel and labor cost inflation.

The New York Harbor marine operations of the Penn Central and Lehigh Valley also should be excluded from the Final System Plan because alternative car-float and lighterage services are offered by two Brooklyn terminal companies. Use of the Penn Central's tunnel under the Hudson and East Rivers by freight trains is not feasible for technical reasons. Neither Penn Central nor Lehigh Valley can effectively use even minimal marine equipment and facilities since rail-handled traffic has dropped sharply and most marine expenses must be absorbed by the railroads' regular tariff, whereas commercial firms could perform break-bulk handling or small-scale car floating if the fee were compensatory. Thus, the movement of car-float traffic might be continued, although not by ConRail.

The Reading marine operations on the Delaware River should be discontinued, since the present function of preserving competition would no longer be needed and the small volume of traffic could be absorbed in all-rail movement with only minimal additional ex-

pense. The Mackinac Transportation Co.'s service on Lake Michigan would be excluded from the Final System Plan because its traffic has dwindled almost to the vanishing point. Abandonment has been in litigation.

The possibility that the Chesapeake Bay car-float operation could be taken over by a solvent carrier, such as Southern or Richmond, Fredericksburg and Potomac (see Chapter 4) in the course of extending its operations into the Wilmington area, has not been fully assessed, since the implications are much broader than disposition of the marine operation and its contiguous rail link on the Delmarva Peninsula.

USRA has concluded that the marine operations should be treated in the same manner as services on light density lines: First, it is assumed that subsidy funds provided under the Act would be available for marine operations under the 70-30 federal-state sharing formula. Second, it is assumed that the capital costs of new or rehabilitated float equipment would fall under the provisions of Section 403 of Title IV, as in the case of light density line rehabilitation, and would not become a cost to ConRail.

VOLUME II—PART 6

Appendixes J and K

Community Impact Report

and

Local Service Line-by-Line Analysis

VOLUME II - PART 6

Appendixes J and K

Community Impact Report

and

Local Service Line 2 Line Analysis

APPENDIX J

Community Impacts of Rail Service Abandonment

This appendix briefly recapitulates the major features of a report prepared in December 1974 for the United States Railway Association entitled *Community Impacts of Abandonment of Railroad Service*. Substantiation of the assertions made in this summary can be found in the underlying report.

This report was prepared for the Association under a contract with the Public Interest Economics Center (PIE-C) which is responsible for the validity of the facts, the accuracy of the data and the soundness of the conclusions presented. The report is only one of a number of sources of information and comments available to the Association on this subject; consequently, it does not necessarily represent the views, policy, nor final conclusions of the Association. This analysis was prepared independently of the light-density line recommendations of the USRA.

The Problem

Under the Regional Rail Reorganization Act of 1973, the United States Railroad Association (USRA) has responsibility for developing a preliminary and then a final plan for the rail system to be operated by ConRail throughout the Northeastern quadrant of the United States. In pursuing that broad mandate USRA is specifically charged with responsibility for analyzing

the consequences to individual communities of the loss of railroad service.

The problem of identifying community impacts is predominantly an economic one. The discontinuance of rail service deprives a community of an economic asset, an asset that is complementary to the existing stock of labor, land and capital facilities and equipment. It is tracing and measuring the consequence of this change in the production possibilities that comprise the essential problem.

There are both efficiency and equity dimensions to the problem. Reduction in the availability of transportation services typically will decrease the efficiency with which the economies of the affected communities can operate. At the same time, the costs associated with adjusting to the absence of rail service will be distributed unevenly among members of each community, and between those communities and the rest of the economy and society.

In broad terms, the objective of the PIE-C study is to facilitate USRA's performing its required tasks of preparing a Preliminary and Final System Plan for the ConRail system.

Specifically, PIE-C has developed a community impact model that can be utilized in two different ways. First, utilizing data available at the national level (e.g.,

county data obtained from the Bureau of the Census, national input-output coefficients, carload data provided by ICC or DOT, etc.), the model should be useful to USRA in preparing its Preliminary System Plan. Second, with the addition of data from local sources, the model can be used to assess local and community impacts more accurately and thus can provide for any, more refined analysis needed by USRA in its preparation of the Final System Plan.

Finally, since it is desirable that USRA, in preparing the Final Plan, be able to incorporate information provided by the individuals and firms in local communities potentially affected by proposed abandonments, PIE-C has prepared a form for the collection of the information needed to revise the initial estimates. The form will permit ready inclusion of the locally generated data into the general model to obtain objective and more specific assessments of community impacts. To complete the development and to test the required form, PIE-C made field tests and gathered local data in western Pennsylvania and on the Delmarva Peninsula.

Overview

Before proceeding to the introductory discussion of the PIE-C method, it seems appropriate to provide an overview of the nature of the impact of rail abandonment.

Abandonment of service will have direct economic effects in a community, impinging on the level of output, employment, wages and their rate of increase, the returns to capital and the returns to land with consequent impacts on capital values, and the market for local supplies and materials. These effects will flow into the local economy through the plants that use—or potentially would use—the rail service. The magnitude of the effects will depend upon how the increase in transportation cost affects the profit position of the using plants and upon how their managements move to minimize the adverse effects. The magnitude of the threat will depend upon:

- The relative importance of transportation costs in total costs;
- The availability of other modes of transportation;
- Their substitutability for rail service;
- The relative costs of using rail versus using other modes;
- The possibility of passing cost increases forward through price increases, which in turn depends largely on:
 - whether the plant's output is sold in a competitive national market, or the somewhat monopolistic local market; and
 - whether competing plants are experiencing comparable increases in costs;

- The possibility of passing the cost increase backward to suppliers, which in turn depends on:
 - whether nonlabor inputs are purchased in competitive or in monopsonistic markets;
 - whether labor has good employment alternatives;
 - whether labor is strongly unionized;
 - whether competitors are facing comparable cost increases.

All these factors will vary from community to community and most of them will vary between plants in the same community.

The key fact in this causal linkage is that the effects of abandonment on a community flow through the individual rail-using plant and through changes in its prices, output, employment and in its demand for labor and other factors of production, including locally purchased materials. Hence the model focuses on the reaction of the individual plant or firm to abandonment.

Abandonment of rail service can lead to the closing of plants or it can lead to a reduction of profits and/or output of surviving plants.

For a plant to survive the increased transportation costs resulting from rail abandonment, at least one of two conditions should hold:

- Factors employed in that plant have been receiving economic rents, i.e., they are being paid more than they could earn elsewhere;
- The increased costs in adjusting from rail to alternative modes of transportation are small relative to total cost.

There is reason to believe that for the vast majority of the plants potentially affected by abandonment, at least the second condition holds. This was found to be the case in PIE-C's study of abandonments in Maryland¹ and is suggested by studies done by and for EPA in the analogous case of determining the effect of pollution abatement costs on firms and industries.²

In the case of railroad abandonments, there is an additional *a priori* reason to expect that the impacts on individual firms and communities will be small. In simple terms, wherever the railroad is important to the community, the community is likely to be important to the railroad, and it is likely to be economical for the railroad to continue serving it. This is true, of course, without regard to whether the railroad is operated for profit or as a nationalized institution.

¹ Public Interest Economics Center, *Railroad Abandonments in Maryland*, Final Report (Washington, D.C.: prepared for the Governor's Steering Committee on Railroad Abandonments, 1973).

² Allen v. Kneese, S. E. Rolfe and J. W. Harned, *Managing the Environment* (New York: Praeger, 1971); U.S. Environmental Protection Agency, *The Economics of Clean Water* (Washington, D.C.: Government Printing Office, 1973); Anthony Yezer and Amy Phillips, *Influence of Environmental Considerations on Agricultural and Industrial Decisions to Locate Outside of the Continental United States* (Washington, D.C.: prepared by the Public Interest Economics Center for the Council on Environmental Quality, 1974).

More specifically, if a plant generates or receives a substantial volume of rail traffic relative to its total costs or sales, and if alternative modes of transportation are not readily available at little increase in cost, the loss of rail service to that plant would be highly disadvantageous. Hence, the firm could afford a relatively large increase in its outlay for rail service rather than to forego it, except in the event that the plant were already marginal.

Of course, if a plant is small, the fact that rail service is important to it does not mean that its traffic is important to the railroad; however, in many instances, where a plant is small it is not very important to its community either. Thus, simply on logical grounds one can say that rail abandonment can be expected to have important impact on a community only where the following conditions are fulfilled simultaneously:

- The employment and payroll, or output for the local market, of the affected plants is substantial relative to the economy of the community,
- A significant portion of the costs of operation of those plants are the costs of rail transport (inbound or outbound) and
- Alternative modes of transportation are not available without substantial increases in the plants' costs.

As is developed below, these are sufficient but not necessary conditions. How many communities there are where these conditions are fulfilled and where, nevertheless, there is so little rail traffic as to make the rail lines that serve them candidates for abandonment is an empirical question, the question addressed in the study reported here. The analysis does, in fact, show that for the vast majority of the counties affected by the potential abandonments studied, the economic effect of abandonment is extremely small.

It is still possible that where a community would not suffer significantly in economic terms from rail abandonment it would suffer excessive social costs, through, for example, environmental impact. For many reasons closely related to those alluded to above, little expected environmental impact was found.

The basic source of county data used in this study was the Census Bureau's County Business Pattern data. A secondary source was the PCTC tape.

Method and Approach

General

As has been indicated already, the main portion of the study consisted of estimating the economic impacts of the discontinuance of rail service. Secondary analyses focus on the energy and environmental impacts.

The approach and method used in the main portion of the study are fully described. In this summary, it is intended only to identify the salient features of the

method and to identify and discuss some of its theoretical problems and assumptions.

The basic requirement of a sound and practical study is to find a means of cutting through the complex and detailed problems in a way that will provide a product of maximum utility to the USRA staff. In the main portion of the study, a model was developed and applied that estimates local impacts on a number of key economic variables, including wages, nonproperty income and local gross product.

There is no way that estimates of these values can be made with precision in a general study without exorbitant expenditures of time and resources. PIE-C attempted only to obtain good first cuts and to develop a method of refining those initial estimates where results indicate that doing so would be of value in determining the appropriateness of retaining a rail segment in the ConRail system, providing it with a service continuation subsidy, or abandoning it.

In light of the fact that, for the reasons outlined in the preceding section, the economic impacts on individual communities can be expected on *a priori* grounds to be small, the model and the data have been structured and selected, wherever there was a choice, to produce high rather than low estimates of the economic consequences of abandonment. By doing this, PIE-C hoped that results are adequate to identify all those counties in which there is any substantial chance that serious consequences would follow from abandoning the lines currently under consideration for exclusion from the ConRail system.

Scope and Data

The areas reviewed were identified as those served by the lines in the DOT report,³ supplemented by additional information received from applying the Penn Central Transportation Company (PCTC) tape.⁴ From these sources were identified a total of 510 counties that have been analyzed in this report. For several reasons there is no assurance that this covers all the counties potentially affected.

First, the counties were identified by comparing the maps in the DOT report with state maps showing county lines, an imprecise process. Second, since the date of that report other lines have been added and some deleted from the list of candidate counties; PIE-C does not include Virginia counties in the summaries because that state is little involved and because of the peculiar statistical treatment of counties and independent cities; a small number of counties was omitted inadvertently.

Community has been defined to mean county and the analysis is designed to estimate impact on individual counties. The fact that systematic data are not avail-

³ Secretary of Transportation, *Rail Service in the Midwest and Northeast Region*, Volume II, Part 1 and Volume II, Part 2 (Washington, D.C.: Department of Transportation, 1974).

⁴ Department of Commerce, *Penn Central Selected Branch Line Freight Traffic Data* (Washington, D.C.: Department of Commerce, 1974).

able below the county level dictated that no effort be made to work at the level of individual localities. Had this been feasible, analysis by locality would have permitted more accurate, more precisely relevant and less biased analysis.

There is no justification for cumulating county effects to the state or regional level. The communities along an abandoned rail line are put at a competitive disadvantage relative to other communities. Reductions in production, employment, incomes and capital values experienced in those communities will be offset in large part and, presumably, will be more than offset by increases in economic activity and values elsewhere.

These improvements are likely to be realized in nearby counties and certainly largely within the Con-Rail area. The presumption that economic activity will expand elsewhere derives from the fact that the Con-Rail system should be more efficient than the present one. Hence, to predict that the consolidation of rail service, if it is done economically, would have total economic impact in a state or in a region equal to the sum of the losses estimated for the affected counties would be totally erroneous. Aggregation by line might be instructive in a general way, but even this would produce an overestimate of effects, especially if other rail service were available in any of the counties involved.

The Nature of Impacts

The outputs of our analysis are as shown in Tables 1-7, following. There were some theoretical problems in identifying the significant outputs. They derive from the question: What is a community? Is a community an area of land or is it the people who live there? The answers imply very different economic impacts.

If one considers that the community is the people who live there, the economic cost of abandonment is the loss of real income to the present residents of the communities, or more precisely individuals who buy in and sell their labor and other factor services in the community. Obviously, in most cases this set includes many residents of the community but is not congruent with the set of residents. PIE-C still refers to the set analyzed as "residents."

The loss in residents' real income has two components: the reduction in purchasing power brought about by higher prices the rail-using firms charge for their products in the local market, and the loss in income received as a result of having to accept employment of labor, capital or materials elsewhere, or suffering involuntary employment. The loss in income as a result of having to accept employment elsewhere should include, for workers, the loss of income during any period of (transitional) unemployment, the economic value (negative) of any disadvantages of the new versus the previous job, the full cost of moving or of a longer trip to work, as well as any decrease in money wages.

It is critically important that in no case is the loss of real income to residents greater than the total increase in the cost of production, i.e., the total increase in the transportation cost. Consequently, the increase in the transportation cost of the preabandonment level of output is an upper bound estimate of the economic impact of abandonment on the community—when the community is defined as people working, selling other factor services, and buying in that community.⁵

If one defines community geographically one gets, logically, very different results. With that definition one would be interested in estimating the loss of factor income produced in the community. This is the sum of the reductions in wages and other factor income paid by all directly affected plants, increased by an appropriate multiplier.

The loss in factor income generated will, in most cases, equal or exceed the loss in real income of community residents. Where product demand is elastic—the amount demanded is highly sensitive to price—as would be true for plants selling in regional or national markets, and where supply has any price elasticity, the reduction in factor income is more than the increase in transportation cost. The more price-elastic is factor supply, the greater is the reduction of output and, hence, the greater the loss in factor income generated by the plant. The less elastic the demand, the less the decrease in output and in factor incomes generated by the plant, because consumers absorb more of the burden.

Except where demand for the product is highly inelastic—where customers buy nearly a constant quantity regardless of moderate price changes—the loss in factor income generated is greater than the increase in transportation cost. Hence, in all cases where product demand is moderately elastic, an estimate of the reduction in factor income generated will, itself, be an overestimate of the loss of real income to residents of the community.

Future Costs

It might appear at first that it would be important to estimate how the abandonment of rail service would affect future development potential of communities. One might, for example, consider analyzing county economic potential or existing development plans.

Second, for example, loss of development potential in one locality implies, all else being equal, that development opportunities elsewhere, especially nearby, are enhanced. Rail service is essentially a complement to land and its removal from a particular area is to a degree analogous to decreasing the effective supply of land and, hence, increasing the value of the remaining stock of it.

⁵ A demonstration of this proposition is provided in the report. Here, it may be adequate to point out the intuitively appealing fact that if loss of real income were to exceed the increase in transportation cost, it would be economically sound for members of the community to pay more than the increase in cost in order to keep the affected firms operating.

There would be extreme data difficulties in attempting to estimate the future developmental impacts of abandonment of service. At the national level, data are totally unavailable; even at the local level, the usefulness of future plans is at best questionable.

The capitalized value of the reduction in property-type income provides an estimate of the loss of future income from present economic activities. Hence, although it takes no account of new future developments foreclosed, it does reflect the future costs of discontinuing or curtailing current production.

Limitations of the Study

There are a number of things that this study does not do and is not intended to do. As has already been indicated, this study is not designed to produce precise results. It is intended only to develop general guides as to the nature of the local impact of discontinuance of rail service.

It makes no recommendation as to whether the lines that are potentially excess should or should not be abandoned. It attempts to strike no balance between the gains and losses deriving from curtailing and consolidating the rail network in the Northeast. The study is confined to examining only the local economic (including energy) and environmental impacts of discontinuance of service. It says nothing about the additional effects of abandonment of rights-of-way.

The bulk of the study is based upon national-level data. The data contains much that is relevant and useful, but the data are incomplete. There are many counties in the sample for which there is no indication that particular industries employ identified numbers of workers or pay out specific dollar amounts in wages (the basic county inputs). For many industries the various factors needed to relate local payrolls and employment to changes in transportation costs and, hence, to changes in incomes and capital values are only crudely approximated. There were many problems of consistency between sets of data. The consequences are uneven accuracy in the results with some errors distributed in random fashion.

There are a number of areas left aside. PIE-C did not treat at all the effects of abandonment of rail passenger service. Most of the candidates for abandonment provide no passenger service and for them to do so would be grossly inefficient in both economic and environmental terms and probably would involve considerable distributive inequities. No attempt was made to estimate the effects on the local tax base or on state or federal budgets through unemployment compensation or assistance programs.

The logic underlying this omission is that increases in unemployment along abandoned lines will be largely offset, and possibly more than offset, by increases in employment elsewhere, unless there are changes in macro

policies. If there were such changes in macro policy, it is to them, not to abandonment, that such indirect impacts should be attributed. The estimated capitalized decline in the nonlabor income provides an implicit estimate of declines in local tax bases.

The study, like any empirical effort, is confined to the data available for analysis. One consequence of using 1972 data (the date of most of the basic information) is that no account can be taken of the effects of recent changes in rail traffic. However, basic local inputs are the employment and payroll data provided in the *County Business Patterns* tapes. Hence, only to the extent that the economic activities in the affected counties have expanded beyond the 1972 level is there a significant understatement of results in most cases. PIE-C made no specific correction for this; there is an implicit correction in the outputs where a multiplier has been applied. PIE-C used a multiplier of 1.9, whereas 1.3-1.5 would probably be a more accurate factor.

Owners of real estate in the affected communities, and their creditors, stand to bear a disproportionate share of the burden of abandonment, because land is a totally immobile factor of production. The output, "capitalized change in nonlabor income," provides an estimate of the reduction in property values. As an estimate of changes in real estate values, it tends to be biased upward by virtue of the fact that it includes income on capital goods in addition to real estate; it may also understate such reduction in value, for the reasons stated above, we make no estimate of the reduction in real estate values associated with foreclosed future development.

Some industries are left aside because, by the nature of the economic activity involved, they do not make significant direct use of rail transportation and, hence, would not be directly affected by rail abandonment.

The industries excluded for this reason are:

- Fisheries (SIC 09)
- Transportation and other public utilities (SIC 41-49) except electric and gas utilities (SIC 491, 492, 493)
- Service industries except wholesale and retail trade
- Financial services (SIC 6...)
- Personal business, repair and hotel services as well as motion pictures and amusement (SIC 7...)
- Medical and legal services (SIC 8...)

In addition, ordinance was omitted because PIE-C found it impossible to perform the necessary crosswalk between the 1972 and 1967 SIC codes.

There are a number of additional omissions and assumptions. In computing the costs of alternative transportation for the industries in each county, PIE-C used common-carrier truck as the only alternative whose costs should be estimated at all. This leaves out the pos-

sibilities of private carriage which would be available to some larger shippers. It also leaves out a great array of truck alternatives that would be possible in the event that truck regulation should be rationalized in the near future.

Perhaps the most important omission is, however, the use of trailer-on-flat-car (TOFC) and container-on-flat-car (COFC). Even for small shippers (or consignees), whose traffic moves over long distances, this is a potentially less costly method of shipment than pure truck transportation. In light of the fact that it is the estimated increase in transportation costs that both drives the model in predicting impact and sets an upper bound on the loss of real income of local residents, this is potentially a major source of bias in the results. Such service was left aside because there was no direct way of estimating the cost difference that would result if there were a large shift to these alternatives.

The method of computing the ratio of costs of transportation by motor carrier to rail leaves much to be desired, and apparently introduces downward bias in our results. The only data PIE-C was able to find that were adequately disaggregated by commodity or industry was rail and motor carrier revenue per ton. Since rail hauls are, on the average, longer than are motor common-carrier hauls, the ratio of motor carrier to rail revenues per ton understates the expected increase in transportation costs per unit of output. The impact of this downward bias is reduced by virtue of the fact that, with one exception, we used a ratio of 1.2 as the minimum relative increase in costs associated with abandonment; this value is based on comparisons of ton-mile costs. The exception is livestock production, where we obtained an apparently reliable estimate of 1.08.

A major assumption, made necessary by the form of the available data, is that if a county loses any rail service all plants in the county, whether they actually use rail or not, suffer an increase in transportation cost and consequent reductions in output and factor earnings.

The calculation proceeds in effect in two steps. Each industry in a county is treated initially as if all plants in it used the national average rail service for inbound and outbound movements. Then the results of these calculations are reduced by a factor (obtained by zone from the DOT report) that reflects the percent of rail traffic in the zone currently handled by the potentially excess lines. This appears to lead to an overstatement of impacts that is relatively most important where expected impacts are least.

Our treatment of agricultural production (SIC 01 and 02) also tends to produce some overestimation of the impact of rail abandonment on local income. PIE-C estimates the change in the outbound transportation cost for crops and livestock on the basis of commodities, not industries. Consequently, changes in income attributed

to agricultural production may double count changes in income attributed to agricultural service establishments and food processors. This is particularly important in several counties in Maryland where the calculated impacts are very large.

Finally, the change in value added generated locally and, hence, in the incomes paid to labor, capital and the income of local suppliers of materials tends to overstate the decline in real income of residents in the county for the reasons developed above.

In light of the assumptions and data characteristics described in this section, there is good *a priori* reason to believe that the results constitute large overstatements of loss or value added, employment, factor income of local suppliers and, hence, in the capitalized value of nonlabor income. Even the estimate of loss in real income is probably an overestimate.

Results

In this section, PIE-C presents and discusses the form of the outputs of the computer models, the quantitative results of applying the aggregate model, the results of the field survey and a comparison of the calculations based on the field survey data with the computations based on the national-level data, the conclusions as to the effect of abandonment on energy consumption and the environment.

Outputs of the Aggregate Model

Table 1 reproduces the printout for a single county, for purposes of illustration. The entire printout has been made available to USRA and is on file at the Public Interest Economics Center.

The various portions of the printout have the meanings described below. Working across the first row of information is the county name, the "code" which is the county identifier, "P-E" which is a program identifier, the calculated duration of unemployment in the county in weeks, a "factor" which represents the fraction of carloads handled by the potentially excess lines to total carloads in the zone in which the county is located, and the annualized mean wage rate based on CBP data.

TABLE 1.—Typical county printout

Name	Code	P-E	Un-Dur	Factor	Wage rate
Belknap	12000	0	6.9	0.480	\$174.00
Industry: Direct impact	Employment	Payroll	Value added	Nonlabor income	
Initial	3,498.32	2,2296.70	4,5477.84	2,3181.27	
Change	-35.27	-250.46	-410.72	-151.26	
Percent change	-1.01	-1.16	-0.90	-0.65	
Unemployment transition cost					-28.90
Local purchases					-24.90
Capitalized change in nonlabor income					-1,260.60

Multiplier estimate:	
Value added.....	-780.36
Total income.....	-846.47
Agriculture:	
Income change.....	-31.11
Multiplier estimate.....	-59.10
County impact:	
Employment (%).....	-0.21
Income (%).....	-0.61
Change in transportation cost.....	235.77
(Percent income).....	0.13

The second block of rows shows initial values, absolute, and percentage change in employment, payroll, value added and nonlabor income in the nonagricultural firms presumed to be affected by rail abandonment. In each case, the aggregate employment, payroll and so forth of each of the industries covered is reduced by the "factor" to reflect the general importance of the potentially excess lines to total rail service in each county. All dollar figures are in thousands.

Unemployment transition cost is equal to the absolute change in employment times the duration of unemployment times the weekly wage rate. "Local purchase" is the predicted absolute change in local purchases, which for food processing industries is equal to 0.9 times the difference between sales and value added and which for other industries is zero. The capitalized change in nonlabor income is the absolute change in that value capitalized at a rate of 12 percent. A multiplier of 1.9 was used to expand the absolute changes in industrial value added and income generated. "Total income" is equal to the absolute change in value added plus that in local purchases multiplied by 1.9.

There is no way of predicting the change in agricultural employment resulting from an increase in transportation cost; consequently, PIE-C shows only the change in agricultural income, the direct change and that change expanded by the multiplier.

The county impact ratios are the most significant outputs. They show three key results normalized to reflect the size of the local economies in each county. The county impact on employment is the absolute change in employment in industry divided by total employment in the county. The county impact on incomes is the sum of the absolute change in industrial and in agricultural income, each expanded by the multiplier, and the sum divided by total personal income. "Total personal income" is county income, except where the county is part of a Standard Metropolitan Statistical Area (SMSA), there the SMSA income is used as the denominator. This was necessary because in those instances no income totals by county were available. To the extent that it is the SMSA rather than the county that is the relevant labor market, the distortions introduced in this way are probably not substantial. Finally, the change in transportation cost in absolute terms and as a fraction of total personal income are shown. Because the increase in

transportation cost is an overstatement of the losses in real incomes of the community defined as the residents of the county, this is an important ratio.

From the PCTC tape it was possible to compute for each of the counties served only by PCTC the cost of rail transportation for traffic originating and terminating on lines considered in the DOT report to be potentially excess, and also the total costs of originated and terminated traffic. These values were normalized by dividing by county personal income and payrolls as obtained from the CBP data. This provides only a very crude indicator of the importance of PCTC service to the affected counties.

Results of the Aggregate Computations

The most impressive fact about the results of the calculations is that, relative to the economies of the affected counties, the impacts of the abandonment of rail service are extremely small. Some of the predicted changes are substantial in absolute terms, ranging occasionally into hundreds of workers who might be displaced, and up to tens of millions of dollars of income potentially lost. However, not only are these estimates biased upward for the reasons explained above, but also, absolute numbers are not very good indicators, for public policy purposes, of the significance of abandonments. Further, the size of the impacts is correlated with the size of the county economies. Consequently, when the changes are normalized to reflect the amount of economic activity in each county, the vast majority of the impacts is found to be small.

Tables 2, 3 and 4 show the frequency distributions by state, and for all states, of the percent changes in county employment and money income generated and real income of residents (as reflected in changes in transportation cost) as a percent of personal incomes. Tables 5 and 6 show the frequency distributions of

TABLE 2.—Percentage change in industrial employment: Frequency distribution of counties

ST	#	0-0.15	>.15-0.5	>.5-0.75	>.75-1.0	>1-1.5	>1.5-2	>2
ME.....	2	1		1				
NH.....	8	3	2	1		2		
VT.....	11	6	5					
MA.....	14	8	4	2				
RI.....	2	1	1					
CT.....	7	4	3					
NY.....	*52	28	18	5	1			
NJ.....	20	18	3					
PA.....	43	27	13	1	1		1	
OH.....	80	51	24	4		1		
IN.....	*75	50	18	1	3	2		1
IL.....	49	46	3					
MI.....	55	32	16	4	1	2		
DE.....	3	2	1					
MD.....	17	9		1	1	1	2	3
WV.....	13	13						
Σ.....	451	299	110	20	7	8	3	4

* County data was incomplete in 1 county in New York and 1 county in Indiana.

NOTE: The state of Virginia is left out of this table because of the dispersed nature of the few penetrations of that state by potentially excess lines.

absolute changes in industrial employment and in total income, expanded by the multiplier of 1.9.

Tables 2, 3 and 4 show that in the vast majority of the counties none of the impacts exceeded 0.5 percent of employment or income. In only 32 counties do any changes exceed 2 percent. In only 15 does the expected decrease in local employment exceed 1 percent of the labor force. In 91 counties the decrease in income generated exceeds 1 percent of personal income in the county or its associated metropolitan area; in only 15 counties is the reduction in real income of residents computed to exceed 1 percent of such personal income.

Examination of Tables 5 and 6 shows that, even in absolute terms, most of the impacts at the county level are small. In 77 percent of the cases the predicted dis-

TABLE 3.—Percentage change in income generated: Frequency distribution of counties

ST	#	0-0.15	>.15-0.5	>.5-0.75	>.75-1.0	>1-1.5	>1.5-2	>2
ME	2		1				1	
NH	8	1	3	1			1	2
VT	11		5	2	3	1		
MA	14	9		1	2		1	1
RI	2	1	1					
CT	7	3	3		1			
NY	53	23	8	6	2	7	5	2
NJ	20	16	2	2				
PA	43	18	8	8	3	3	1	2
OH	80	35	15	9	8	7	4	2
IN	*75	30	16	8	3	6	3	9
IL	49	7	9	10	6	12	2	3
MI	55	22	15	6	4	4	1	3
DE	3	1			2			
MD	*16	5	2	1				8
WV	13	11	2					
Σ	451	182	90	54	34	40	19	32

* County data was incomplete in 1 county in Maryland, and 1 county in Indiana.

NOTE: The state of Virginia is left out of this table because of the dispersed nature of the few penetrations of that state by potentially excess lines.

TABLE 4.—Ratio of reduction in real income to total personal income (in percent): Frequency distribution of counties

ST	#	0-0.15	>.15-0.5	>.5-0.75	>.75-1.0	>1-1.5	>1.5-2	>2
ME	2	1	1					
NH	8	5	1	1	1			
VT	11	7	4					
MA	14	10	4					
RI	2	2						
CT	7	7						
NY	53	37	16					
NJ	20	19	1					
PA	43	33	9		1			
OH	80	54	24	1	1			1
IN	76	48	16	8		4		
IL	49	13	22	10	4			
MI	55	38	15			2		
DE	3	2	1					
MD	*16	8	0	0	0	4	1	3
WV	13	13						
Σ	452	297	114	20	7	10	1	3

* County data was incomplete in 1 county in Maryland.

NOTE: The state of Virginia is left out of this table because of the dispersed nature of the few penetrations of that state by potentially excess lines.

TABLE 5.—Absolute change in employment: Frequency distribution of counties

ST	#	0-1	>1-20	>20-50	>50-100	>100-200	>200-300	>300
ME	2					2		
NH	8			3	1	3		1
VT	11	1	4	4	2			
MA	14	2	1		1	4	1	1
RI	2		1					
CT	7		1	2	1			
NY	53	1	13	13	6	9	6	5
NJ	20	1	6	3	2	6	1	1
PA	43	2	10	11	7	6	6	1
OH	80	3	39	13	13	6	1	5
IN	76	17	31	10	8	5	1	4
IL	49	17	24	3	2	3		
MI	55	7	19	10	7	5	5	2
DE	3				3			
MD	17		4	4	3	2	1	1
WV	13	3	8	2				
Σ	453	54	161	78	56	51	22	11

NOTE: The state of Virginia is left out of this table because of the dispersed nature of the few penetrations of that state by potentially excess lines.

TABLE 6.—Absolute change in generated income (\$000) frequency distribution of counties

ST	#	0-100	>100-500	>500-1,000	>1K-3K	>3K-6K	>6K-10K	>10K
ME	2				1	1		
NH	8			3	2	2	1	
VT	11	1	3	2	5			
MA	14	2	1		1	4		
RI	2		1					
CT	7		1	1	2			
NY	53	3	8	6	20	5	4	1
NJ	20	2	3	2	5	6	1	1
PA	43	3	8	3	14	8	7	
OH	80	6	26	13	16	11	1	7
IN	76	10	24	16	12	7	2	3
IL	49	3	20	11	11		2	2
MI	55	7	16	5	13	7	1	6
DE	3				1	2		
MD	17	1	3		6	3	2	2
WV	13	5	6	1	1			
Σ	453	43	120	63	110	56	21	40

NOTE: The state of Virginia is left out of this table because of the dispersed nature of the few penetrations of that state by potentially excess lines.

placement of workers fell below 100 and only in 12 percent of the counties did it exceed 200. The distribution of maximum income effects is similarly skewed to the lower end of the scale.

Significance of Results of the Field Survey

PIE-C undertook field surveys in western Pennsylvania and in the Delmarva Peninsula. The purposes of the field studies were to determine whether it would be practical for USRA to gather data locally for refinement of the application of the aggregate model by exploiting data accumulated locally, to develop a format for doing so, to test and calibrate very roughly

the results of applying the national data to local situations, to prepare local case studies, and to identify any peculiarities of rail abandonment in areas where coal is being produced.

The field surveys were successful in accomplishing all but the last of these purposes. So far as PIE-C could ascertain, the counties surveyed in western Pennsylvania include no potentially excess lines serving any coal operators. This, of course, suggests that lines serving substantial coal producers are not likely to be considered potentially excess.

PIE-C did develop a questionnaire that has been tested in the field and found to be suitable for distribution to local authorities. By the same token, PIE-C concluded that gathering such data is practical and is potentially useful to USRA. Finally, the data collected in four of the counties surveyed cast some light on the utility of the model when calculated with national versus local data.

In general, the results for the local data look very much like those obtained with national information. In all four cases, the use of the national-level data yielded estimates of change in industrial employment, payroll and value added that were generally substantially greater than those derived from the local data. More important, the impact of abandonment was assessed to be very small in these counties by both procedures; the discrepancies were only in the range of smalls. Although a sample of four counties is too small to provide much confidence for drawing major conclusions, the analysis offers the attractive possibility that where the impact of abandonment is likely to be more important, the national model estimates impact more accurately than it does where the impact is expected to be less significant. In one instance, local data permitted an estimate of local input purchases of some importance that were not captured by the national-level data.

In general the differences in results can be explained by two factors: 1) differences in industrial mix; 2) variations in production process characteristics. In the aggregate model, as explained above, it is assumed that the impact of abandonment is spread proportionally over all firms in the county.

The local data were, however, collected only from firms believed to be actually using the lines proposed for abandonment, which in all counties showed a different overall composition from county industry as a whole. In those counties where the firms on the lines to be abandoned represented a larger share of the county total, the impact of this factor declined significantly. The aggregate model, of course, was based on national production characteristics. The "local" model, on the other hand, incorporated important elements of the individual firm's production characteristics.

In general, then, a comparison of the results using the local and national data lends confidence to the estimates generated by the aggregate model.

Energy and Environment

One of the purposes of the study is to determine the potential effects of abandonment on the consumption of energy and on the environment. Because there is no way to do anything useful with regard to the impact of differences in rail and truck on water pollution or noise pollution, the question reduces to how the substitution of motor carrier for rail service would affect air pollution. Because diesel locomotives and diesel tractors burn essentially the same kind of fuel and produce comparable kinds of emissions, the environmental effects can be expected to be closely related to the differences in energy consumption.

Table 7 shows estimated fuel consumption of motor carrier versus rail carrier under standardized conditions. For small movements, up to 220 tons (approximately 5 carloads), over short hauls, fuel consumption by rail is greater than fuel consumption by heavy trucks. For distances somewhat in excess of 10 miles and for single train movements in excess of about 176 tons (approximately 4 carloads), rail service requires less fuel than the substitute trucks would. In light of the low density of traffic on the potentially excess lines, most of the lines apparently would be served by rail in a way that would consume somewhat more energy than would motor carrier substitutes. Only in cases where distance exceeds 15 miles and where more than 4 carloads are moved at a time does rail service involve a saving in excess of 15 percent compared to trucks.

TABLE 7.—Estimated total fuel consumed by rail and motor carriers

Net shipment tons	Mode	Number of vehicle loads	One-way trip distance (miles includes return trip) (gallons)			
			5	10	15	20
44	RR.....	1	13.3	21.7	30.1	38.5
	MC.....	2	4.9	9.1	13.4	17.7
88	RR.....	2	18.9	27.9	37.0	45.9
	MC.....	4	9.7	18.2	26.8	35.3
132	RR.....	3	24.5	34.2	43.9	53.5
	MC.....	6	14.6	27.4	40.2	53.0
176	RR.....	4	30.1	40.4	50.7	61.0
	MC.....	8	19.5	36.5	53.6	70.6
220	RR.....	5	35.6	46.7	57.6	68.5
	MC.....	10	24.3	45.6	67.0	88.2

Source: U.S. Department of Transportation, *The Environmental Impact Statement on "The Transportation Improvement Act of 1973,"* 1974, p. 25.

To the extent that trucks employed in rural service are more likely to obtain a backhaul than are the rail carriers, the energy advantage of the railroad is reduced further, where it exists at all. The indirect energy effects

of substituting trucks for rail on excess lines appear to be trivial.

Given the fact that rail abandonments will in many instances conserve energy, and apparently increase its use substantially only in relatively few cases, there is no basis for concluding that abandonment of lightly used rail lines will significantly increase air pollution. In some cases it can be expected to reduce it.

The essential finding of our analysis of energy and environmental impacts is that they can be predicted line-by-line only after an extensive local data gathering effort and that there is good reason to believe that those effects would be small and, hence, that devoting research resources to trying to quantify them accurately probably would be wasteful.

MAP KEY FOR APPENDIX K →

The following symbols are used on the individual maps accompanying the following line analyses:

- The line segment under discussion
- - - - - Other lines of the same railroad
- . - . - Lines of other potential ConRail railroads
- Solvent railroads
- End-point of line segment under discussion
- Other towns or junction points

APPENDIX K

Line by Line Analysis and Recommendations

CANADA

Within Canada PC

USRA line number	Terminals
715	Comber to Leamington
716	Essex to Amherstburg

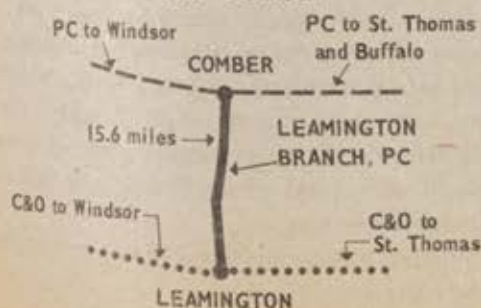
International

101a	Welland, Ont. to Black Rock, N.Y.
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LEAMINGTON BRANCH

USRA Line No. 715

Penn Central



The Leamington Branch, formerly part of the New York Central RR, extends from *Comber* (Milepost 0.0) to *Leamington, Ont.* (Milepost 15.6), a distance of 15.6 miles, in Ontario Province, Canada. At Comber, this line connects with the PC Buffalo-to-Chicago Line via Canada. A connection is made with the Chesapeake & Ohio Buffalo-Windsor Line at Leamington. This line was not shown in the U.S. DOT Report.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Staples	104
Blytheswood	100
Leamington	3,104

Total carloads generated by the line	3,308
Average carloads per week	63.6
Average carloads per mile	212.1
Average carloads per train	13.2

1973 operating information:

Number of round trips per year	250
Estimated time per round trip (hours)	3.5
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$481,344
Average revenue per carload	\$146
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	224,539
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	21,663
Cost incurred beyond the branch line	300,488
Total variable (avoidable) cost	546,690
Net contribution (loss): Total	(65,346)
Average per carload	(20)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,500 crossties (an average of 96 crossties per mile).

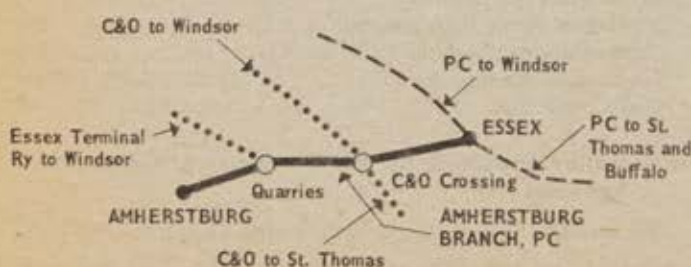
Preliminary Recommendation

It is *not* recommended that the Leamington Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$65,346 or \$20 per carload. Recovery of costs would require approximately a 25 percent increase in traffic or a 14 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

AMHERSTBURG BRANCH

USRA Line No. 716

Penn Central



The Amherstburg Branch, formerly part of the New York Central RR, extends from *McGregor* (Milepost 7.9) to *Amherstburg, Ont.* (Milepost 16.9), a distance of 16.9 miles, in Ontario Province, Canada. The PC line is out of service from Essex to McGregor (PC runs over a Chessie line to serve this segment). Connections are with the Chesapeake and Ohio Buffalo-Windsor at C&O Crossing (a point just east of McGregor). The Essex Terminal Ry. crosses this line at Quarries. This line was not shown in the U.S. DOT Report.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Amherstburg	1,256
McGregor	60
Total carloads generated by the line	1,325
Average carloads per week	25.5
Average carloads per mile	147.2
Average carloads per train	13.3
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$505,544
Average revenue per carload	\$450
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	145,972
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	28,519
Cost incurred beyond the branch line ¹	273,652
Total variable (avoidable) cost	448,153
Net contribution (loss): total	147,701
Average per carload	111

¹ Excludes the cost of the trackage rights over the Chessie to get to this line.

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,499 crossties (an average of 500 crossties per mile).

Continued service to this line will be provided by ConRail or by Chessie.

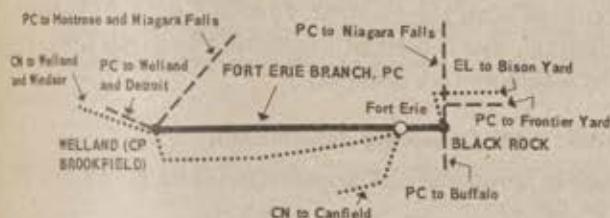
Recommendation

It is recommended that the Amherstburg Branch be included in the ConRail System.

PORTION OF FORT ERIE BRANCH

USRA Line No. 101a

Penn Central



This portion of the Fort Erie Branch, formerly part of the New York Central RR, extends from *Black Rock, N.Y.* (Milepost 7.0) to *Welland, Ont.* (Milepost 13.7), a distance of 14.6 miles, in Erie County, N.Y., and the Province of Ontario. Continuations of this line extend from Black Rock eastward via Penn Central to Buffalo and Albany, and northward to Suspension Bridge and Niagara Falls. At Welland continuations extend westward via Penn Central to Detroit, northward via TH&B to Hamilton, and via Canadian National to St. Catharines, and connection is made with the PC line from Niagara Falls. This line was not described as potentially excess in the U.S. DOT Report (see Zone 49).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Fort Erie	100
Total carloads generated by the line	100
Average carloads per week	1.9
Average carloads per mile	7.3
Average carloads per train	1.4
1973 operating information:	
Number of round trips per year	70
Estimated time per round trip (hours)	4
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$33,492
Average revenue per carload	\$478

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	109,015
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	10,978

Total variable (avoidable) cost 119,993

Net contribution (loss): total	(86,501)
Average per carload	(805)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

This segment is currently used as part of the route for the Buffalo-Hamilton-Toronto passenger service. An alternate route is available via Suspension Bridge. Amtrak's Buffalo-Detroit service via Black Rock is scheduled to shift to the Suspension Bridge route so that a stop can be made at Niagara Falls, N.Y.

Preliminary Recommendation

It is *not* recommended that this portion of the Fort Erie Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$86,501 or \$865 per carload. Recovery of costs would require approximately an 80-percent rate increase over the 1973 levels.

CONNECTICUT

Intrastate
PC

USRA line number	Terminals
41	Willimantic to Terminus
46	Hartford to Wethersfield
47	Wethersfield to Rocky Hill
49	North Cromwell to Middletown
50	Hartford to Griffins
52	Center Street Branch near Meriden
53/53b	Waterbury to Bristol
55	Simsbury to Farmington
60	New Milford to Canaan
61	Norwalk to Bethel
62	Glenbrook to New Canaan
674	Plainfield to Willimantic
675	New Haven to Plainville
675a	Plainville to Farmington
678	Plainfield to Putnam
685	East Hartford to East Windsor

Interstate

Connecticut to Rhode Island

43	Groton, Connecticut to Hills Grove, R.I.
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Connecticut to Massachusetts

40	Webster, Mass. to Southbridge, Mass.
44	Hazardville, Conn. to East Longmeadow, Mass.
54	Simsbury, Conn. to Westfield, Mass.
59	Canaan, Conn. to South Lee, Mass.
678a	Auburn, Mass. to Putnam, Conn.

Willimantic, Conn. (Milepost 23.3), to End of Track near Willimantic (Milepost 24.1), a distance of 0.6 mile, in Windham County, Connecticut. The continuation of this line, also under study in this Report, extends eastward from Willimantic to Plainfield. This line also connects with the Central Vermont Ry at Willimantic. This line was described as potentially excess in the U.S. DOT Report (see Zone 29).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Willimantic ¹	134
Total carloads generated by the line	134
Average carloads per week	2.6
Average carloads per mile	167.5
Average carloads per train	2.6
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1.0
Locomotive horsepower	1,800
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the line generated 570 cars in 1973. One shipper stated that the loss of rail service would force a fifty percent cut in payroll.

Information for Line Retention Decision

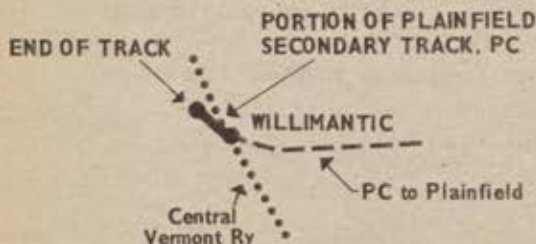
Revenue received by PC	\$20,166
Average revenue per carload	\$150
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	13,638
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	681
Cost incurred beyond the branch line	28,206
Total variable (avoidable) cost	42,525
Net contribution (loss) total	(22,359)
Average per carload	(167)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a

PORTION OF PLAINFIELD SECONDARY TRACK

USRA Line No. 41

Penn Central



This portion of the Plainfield Secondary Track, formerly part of the New Haven RR, extends from Willimantic, Conn. (Milepost 23.3), to End of Track near Willimantic (Milepost 24.1), a distance of 0.6 mile, in Windham County, Connecticut. The continuation of this line, also under study in this Report, extends eastward from Willimantic to Plainfield. This line also connects with the Central Vermont Ry at Willimantic. This line was described as potentially excess in the U.S. DOT Report (see Zone 29).

maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 185 crossties (an average of 231 crossties per mile).

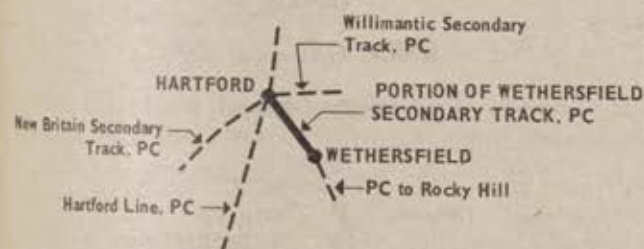
Preliminary Recommendation

It is *not* recommended that this portion of the Plainfield Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$22,359 or \$167 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF WETHERSFIELD SECONDARY TRACK

USRA Line No. 46

Penn Central



This portion of the Wethersfield Secondary Track, formerly part of the New Haven RR, extends from Hartford (Milepost 0.0), to Wethersfield, Conn. (Milepost 7.0), a distance of 7.0 miles, in Hartford County, Connecticut. This line extends southward from Wethersfield and is also under study in this Report. The line connects at Hartford with the Hartford Line, and the New Britain and Willimantic Secondary Tracks, all PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Wethersfield	240
Total carloads generated by the line	
Average carloads per week	4.6
Average carloads per mile	34.3
Average carloads per train	4.6
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	3
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Puritan Furniture shipped 120 carloads in 1973 and expected to ship 185 to 1,260 carloads in the future. Associated Grocers indicated some interest in constructing a new warehouse on the line.

Information for Line Retention Decision

Revenue received by PC	\$50,134
Average revenue per carload	\$209
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	60,986
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	5,111
Cost incurred beyond the branch line	39,667
Total variable (avoidable) cost	105,764
Net contribution (loss): total	(55,630)
Average per carload	(232)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 692 crossties (an average of 99 crossties per mile).

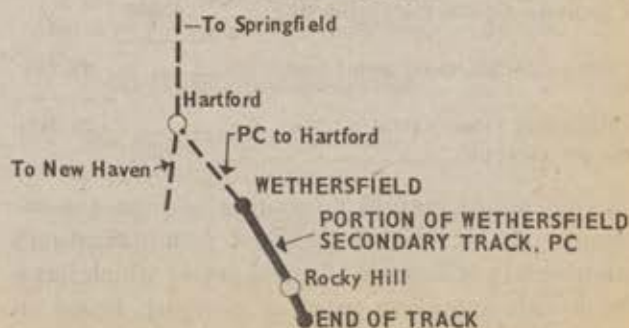
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Wethersfield Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$55,630 or \$232 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 110 percent rate increase over the 1973 levels.

PORTION OF WETHERSFIELD SECONDARY TRACK

USRA Line No. 47

Penn Central



This portion of the Wethersfield Secondary Track, formerly part of the New Haven RR, extends from Wethersfield (Milepost 7.0) to the end of the track near Rocky Hill, Conn. (Milepost 9.8), a distance of 2.8 miles, in Hartford County, Connecticut. The continuation of this line extends northward from Wethersfield to Hartford. It is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rocky Hill	67
South Wethersfield	5
Total carloads generated by the line	72
Average carloads per week	1.4
Average carloads per mile	25.7
Average carloads per train	1.4
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that abandonment of this line would greatly curtail the development of the Rocky Hill industrial park, purchased in 1973. A furniture company on the line expects to increase rail usage. Interest was expressed in restoration of passenger service on this line, with less reliance on highways. The Valley Railroad Company is interested in purchasing or leasing this track to restore passenger service between Hartford and Middletown.

Information for Line Retention Decision

Revenue received by PC	\$20,896
Average revenue per carload	\$290
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	27,669
Cost of Upgrading Branch Line to FRA	
Class I: (1/10 of total upgrading cost)	7,222
Cost incurred beyond the branch line	14,853
Total variable (avoidable) cost	49,744
Net contribution (loss): total	(28,848)
Average per carload	(401)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on

available information, this upgrading would include the replacement of a total of 815 cross-ties (an average of 291 cross-ties per mile).

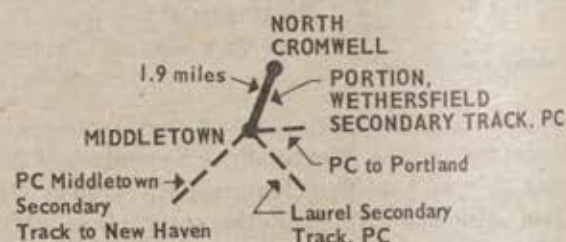
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Wethersfield Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$28,848 or \$401 per carload. Recovery of costs would require approximately a 280 percent increase in traffic or a 135 percent rate increase over the 1973 levels.

PORTION OF WETHERSFIELD SECONDARY TRACK

USRA Line No. 49

Penn Central



This portion of the Wethersfield Secondary Track, formerly part of the New Haven RR, extends from North Cromwell (Milepost 13.7) to Middletown, Conn. (Milepost 15.6), a distance of 1.9 miles, in Middlesex County, Conn. This line connects at Middletown with the Middletown Secondary Track, the Laurel Secondary Track, and the line to Portland, Conn., all PC. This line was described as potentially excess in the U.S. DOT Report (see Zones 31 and 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	55
Cromwell	
Total carloads generated by the lines	55
Average carloads per week	1.1
Average carloads per mile	29.0
Average carloads per train	1.1
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1.0
Locomotive horsepower	3,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that a shift of chlorine deliveries at Cromwell from rail to truck might increase the hazard from lethal chlorine gas.

Information for Line Retention Decision

Revenue received by PC	\$57,383
Average revenue per carload	\$1,043
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	18,573
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	1,679
Cost incurred beyond the branch line	25,872
Total variable (avoidable) cost	46,124
Net contribution (loss): total	11,259
Average per carload	205

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 292 crossties (an average of 154 crossties per mile).

Recommendation

It is recommended that this portion of the Wethersfield Secondary Track be included in the ConRail System.

GRIFFINS SECONDARY TRACK

USRA Line No. 50

Penn Central



The Griffins Secondary Track extends from Hartford (Milepost 2.0) to Griffins, Conn. (Milepost 8.7), a distance of 6.7 miles, in Hartford County, Connecticut. This line connects at Hartford with the Hartford Line of the PC and with the Willimantic Secondary Track, the New Britain Secondary Track and the Wethersfield Secondary Track, all of them PC. The last-named is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bloomfield	238
Griffins	78
Total carloads generated by the line	316
Average carloads per week	6.1
Average carloads per mile	47.2
Average carloads per train	2.1
1973 Operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	5
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that 926 cars originated or terminated on this line in 1973. American Propane shipped 30 cars from Griffins according to the testimony. Shippers at Bloomfield stated they shipped the following carloads in 1973: Bloomfield Farmers Exchange, 153 cars; Emhart Corp., 15 cars; and Connecticut Printers, 468 cars. (This greatly exceeds identifiable shipments).

Information for Line Retention Decision

Revenue received by PC	\$90,930
Average revenue per carload	\$288
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	90,695
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	14,691
Cost incurred beyond the branch line	64,320
Total variable (avoidable) cost	169,715
Net contribution (loss): total	(78,785)
Average per carload	(249)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that the Griffins secondary track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$78,785 or \$249 per carload. Recovery of costs would require approximately a three-fold increase in traffic or an 85 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

PORTION OF CENTER STREET BRANCH (NEAR MERIDEN)

USRA Line No. 52

Penn Central



This portion of the Center Street Branch, formerly part of the New Haven RR, extends 2.9 miles near Meriden, Conn., in New Haven County, Conn. This line connects with the Hartford line of the PC near Meriden. The PC applied to the ICC in September 1973 for permission to abandon this portion of the line (Docket AB-5 Sub. 200). No action has been taken on this application. This line was not shown in the U.S. DOT Report (see Zone 34).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Meriden¹ 64

Total carloads generated by the line 64

Average carloads per week 1.2

Average carloads per mile 22.1

Average carloads per train 1.2

1973 operating information:

Number of round trips per year 52

Estimated time per round trip (hours) 1.0

Locomotive horsepower 1,600

Train crew size 4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC \$27,683

Average revenue per carload \$432

Variable (avoidable) cost of continued service:

Cost incurred on the branch line 24,195

Cost of upgrading branch line to FRA Class

I: (1/10 of total upgrading cost) 2,825

Cost incurred beyond the branch line 14,047

Total variable (avoidable) cost 41,067

Net contribution (loss): total (13,384)

Average per carload (200)

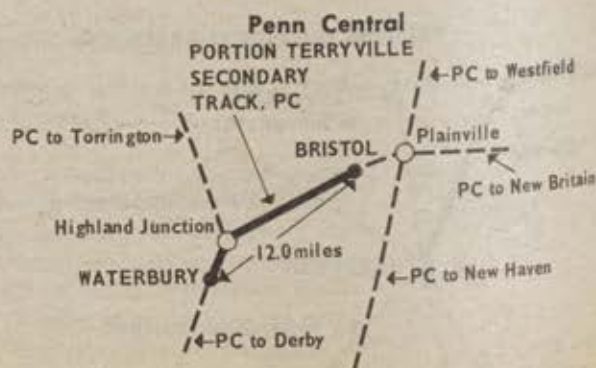
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 780 crossties (an average of 269 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Center Street Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$13,384 or \$209 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 50 percent rate increase over the 1973 levels.

PORTION OF THE TERRYVILLE SECONDARY TRACK

USRA Line No. 53-53b



This portion of the Terryville Secondary Track, formerly part of the New Haven RR, extends from Waterbury (Milepost 0.0) to Bristol, Conn. (Milepost 12.0), a distance of 12.0 miles, in Hartford and Litchfield Counties, Conn. A continuation of this line runs from Bristol to Plainville and beyond. At Waterbury, the line connects with the Waterbury Branch of the PC. It also connects at Highland Junction (Milepost 0.4), with the Torrington Secondary Track of the PC. With the exception of a small portion near Bristol, this line was described as potentially excess in the U.S. DOT Report (see Zones 35 and 36).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Terryville	144
Bristol ¹	402

Total carloads generated by the line	546
Average carloads per week	10.5
Average carloads per mile	45.5
Average carloads per train	10.5

1973 operating information:

Number of round trips per year	52
Estimate time per round trip (hours)	8.0
Locomotive horsepower	1,600
Train crew size	4

¹ Includes only shippers actually on this Segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that this line is the only feeder line providing direct access between two of the states largest population centers, Waterbury and Hartford. Abandonment would prohibit freight with dimensions too large for trucking from entering or leaving the city of Waterbury. At Plymouth, there is a vacant \$3 million plant with rail service, and the Town of Plymouth has spent \$500,000 for reconstruction of a road to service this plant. There are 10 businesses listed for this line; with General Motors estimating 600 carloads for 1973 and the Hale Manufacturing Co. estimating 135 carloads for 1973 and projecting 355 for future carloadings. Correspondence from Milo Wilcox, Representative, Central Connecticut Regional Planning, states the New Departure Company relocated in Bristol and invested in 8,000 ft. of railroad spur for freight service.

Information for Line Retention Decision

Revenue received by PC	\$185,925
Average revenue per carload	\$341

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	120,030
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	9,594
Cost incurred beyond the branch line	126,861

Total variable (avoidable) cost 256,485

Net contribution (loss): total (70,560)
Average per carload (129)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,580 crossties (an average of 215 crossties per mile).

Available information indicates that traffic on this line may increase by 40 percent. However, a 120 percent increase in traffic would be required to cover the costs.

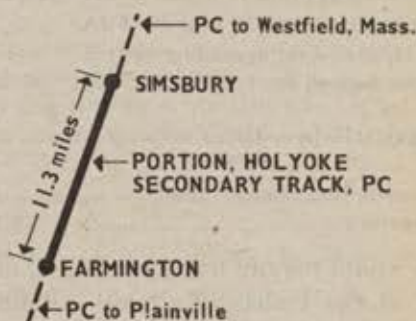
Preliminary Recommendation

It is *not* recommended that this portion of the Terryville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$70,560 or \$129 per carload. Recovery of costs would require approximately a 120 percent increase in traffic or a 40 percent rate increase over the 1973 levels.

PORTION OF HOLYOKE SECONDARY TRACK

USRA Line No. 55

Penn Central



This portion of the Holyoke Secondary Track, formerly part of the New Haven RR, extends from Farmington (Milepost 3.4) to Simsbury, Conn. (Milepost 14.7), a distance of 11.3 miles, in Hartford County, Conn. Continuations of this line extend southward from Farmington and northward from Simsbury, both of which are also under study in this report (USRA line numbers 54 and 675 respectively). This line was de-

scribed as potentially excess in the U.S. DOT Report (see Zone 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Avon	202
Simsbury	102
Total carloads generated by the line	
Average carloads per week	5.9
Average carloads per mile	26.9
Average carloads per train	2.0
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	3
Locomotive horsepower	1,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that industries on this line complained of car shortages and the exiguous track maintenance. Some respondents stated that they would be forced out of business by the loss of rail service; others indicated that they would face higher freight costs as a consequence of being forced to use motor carrier service. Testimony also indicated the existence of an industrial park at Avon and that a similar facility is being planned for Simsbury although no specific traffic levels or projections have been provided.

Information for Line Retention Decision

Revenue received by PC	\$94,291
Average revenue per carload	\$310
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	112,255
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	66,244
Total variable (avoidable) cost	178,499
Net contribution (loss): total	(84,208)
Average per carload	(277)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Data provided at the RSPO hearings indicated that traffic has increased to a level of approximately 700 carloads per year although the 1973 traffic information shows only 304 carloads. However, recovery of the line's costs would require approximately 1,200 carloads per year.

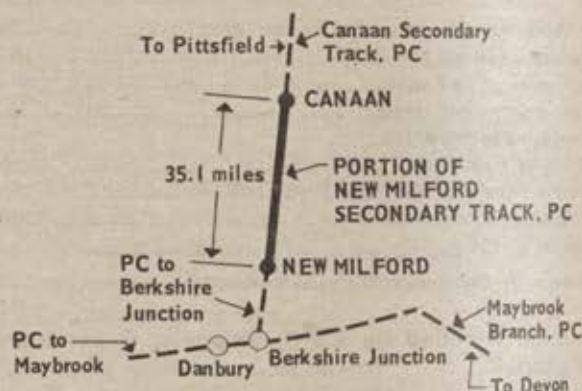
Preliminary Recommendation

It is *not* recommended that this portion of the Holyoke Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$84,208 or \$277 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 90 percent rate increase over the 1973 levels.

PORTION OF NEW MILFORD SECONDARY TRACK

USRA Line No. 60

Penn Central



This portion of the New Milford Secondary Track formerly part of the New Haven RR, extends from New Milford (Milepost 13.2) to Canaan, Conn. (Milepost 48.3), a distance of 35.1 miles, in Litchfield County, Connecticut. This line connects at Canaan with the Canaan Secondary track of the PC (also under study in this Report). A continuation of this line runs from New Milford to Berkshire Junction, near Danbury. The PC made application to the ICC in June 1972 for permission to abandon this line, Docket No. AB-5, Sub. 49. On September 17, 1974, the PC applied to the U.S. Railway Association for permission to abandon this line (USRA Docket No. 75-30). No action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zone 35).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Gaylordsville	6
Kent	36
Cornwall Bridge	12
Falls Village	2
Canaan	102
Total carloads generated by the line	

See footnote at end of table.

Average carloads per week.....	2.1
Average carloads per mile.....	3.1
Average carloads per train.....	3.5
1973 Operating information:	
Number of round trips per year.....	31
Estimated time per round trip (hours).....	5.0
Locomotive horsepower.....	1,600
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Becton, Dickinson & Co. indicated that it had handled 27 carloads in each of the last three years and that loss of rail service would increase their transportation costs.

Communication from the State of Connecticut concerning the abandonment application pending before USRA requested delay until the state rail plan could be completed.

Information for Line Retention Decision

Revenue received by PC.....	\$78,976
Average revenue per carload.....	\$731
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	234,459
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	29,188
Cost incurred beyond the branch line.....	27,257
Total variable (avoidable) cost.....	290,904
Net contribution (loss): total.....	(\$211,928)
Average per carload.....	(\$1,962)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,750 crossties (an average of 106 crossties per mile).

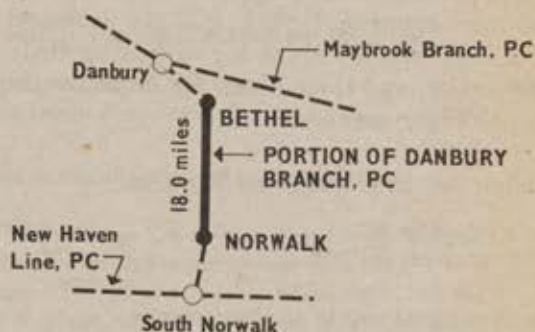
Preliminary Recommendation

It is not recommended that this portion of the New Milford Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$211,928 or \$1,962 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 270 percent rate increase over the 1973 levels.

PORTION OF DANBURY BRANCH

USRA Line No. 61

Penn Central



This portion of the Danbury Branch, formerly part of the New Haven RR, extends from *Norwalk* (Milepost 43.0) to *Bethel, Conn.* (Milepost 61.0) a distance of 18.0 miles, in Fairfield County, Conn. This line extends northward from Bethel to Danbury and southward from Norwalk. This line was described as potentially excess in the U.S. DOT Report (see Zones 35 and 39).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Wilton.....	90
Georgetown.....	404
Norwalk ¹	101
Bethel ¹	11

Total carloads generated by the line.....	606
Average carloads per week.....	11.7
Average carloads per mile.....	33.7
Average carloads per train.....	2.3

1973 operating information:

Number of round trips per year.....	260
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	1,800
Train crew size.....	3

¹ Includes only shippers on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Connecticut Transportation Authority (CTA) and Connecticut DOT have a 57-year lease option agreement to this section of track. The State of Connecticut is prepared to spend \$5 million to upgrade the line for passenger service. Western Connecticut communities

hope to use this line as a route for the recycling and disposal of 1,000 tons of solid waste per day at a site near Danbury. Studies by the State of New York, the State of Connecticut, and Dr. George Brown were offered as evidence demonstrating the inequity of subsidies given to modes of transportation with which the railroad must compete. USRA staff has discussed with the CTA their specific plans for exercising their lease purchase option and their plans for implementing improved passenger services.

Information for Line Retention Decision

Revenue received by PC	\$285,794
Average revenue per carload	\$472

Variable (avoidable) cost of continued service:

Cost incurred on the branch line ¹	89,901
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	131,347

Total variable (avoidable) cost 221,248

Net contribution (loss): total 64,546

Average per carload 106

¹ Due to the agreement with CTA, this cost does not include maintenance.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

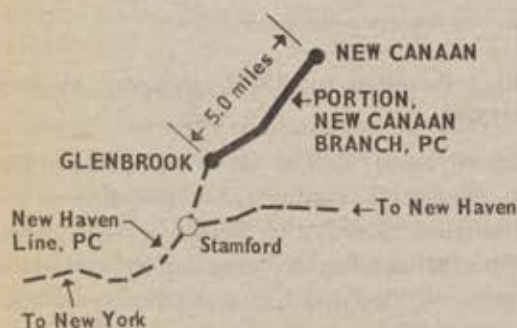
Recommendation

It is recommended that this portion of the Danbury Branch be included in the ConRail System.

PORTION OF THE NEW CANAAN BRANCH

USRA Line No. 62

Penn Central



This portion of the New Canaan Branch, formerly part of the New Haven RR, extends from *Glenbrook* (Milepost 3.0) to *New Canaan, Conn.* (Milepost 8.0),

a distance of 5.0 miles, in Fairfield County, Conn. The southerly continuation of this line runs from *Glenbrook* to *Stamford* where it connects with the *New Haven* line of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 40).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Canaan	62
Springdale	40
Glenbrook ¹	106

Total carloads generated by the line 207

Average carloads per week 4.0

Average carloads per mile 41.4

Average carloads per train 4.0

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" stated that *Glenbrook Laboratories* at *Glenbrook* shipped 108 cars of chemicals in 1973. These cannot be readily switched to highway movements. *Hatch & Bailey Lumber* at *Springdale* received 30 cars in 1973.

Information for Line Retention Decision

Revenue received by PC	\$128,949
Average revenue per carload	\$623

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	46,321
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	31,908

Total variable (avoidable) cost 78,229

Net contribution (loss): total 50,720

Average per carload 245

The line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

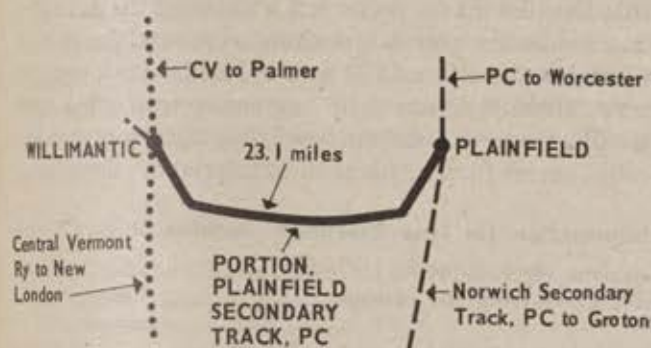
Recommendation

It is recommended that this portion of the New Canaan Branch be included in the ConRail System.

PORTION OF PLAINFIELD SECONDARY TRACK

USRA Line No. 674

Penn Central



This portion of the Plainfield Secondary Track, formerly part of the New Haven RR, extends from Plainfield (Milepost 0.0) to Willimantic, Conn. (Milepost 23.1), a distance of 23.1 miles, in Windham and New London Counties, Connecticut. The continuation of this line, also under study in the Report, extends a short distance beyond Willimantic to end-of-track. The line also connects with the Norwich Secondary Track of the PC at Plainfield and with the Central Vermont Ry at Willimantic. (The portion of the Norwich Secondary Track extending northward from Plainfield to Auburn, Mass. is also under study in this Report.) This line was not described as potentially excess in the U.S. DOT Report (see Zones 29 and 30).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Versailles	1,425
Baltic	52
Willimantic ¹	502
Total Carloads Generated by the line	1,979
Average carloads per week	38.0
Average carloads per mile	79.8
Average carloads per train	19.8
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	10
Locomotive horsepower	1,800
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that in 1973 there were 1,085 carloads generated by this line. The cost of serving this traffic by motor carrier may jeopardize the viability of these companies.

Information for Line Retention Decision

Revenue received by PC	\$559,318
Average revenue per carload	\$283

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	281,869
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	101,054
Cost incurred beyond the branch line	325,823

Total variable (avoidable) cost	708,746
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Net contribution (loss): Total	(149,428)
Average per carload	(76)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 9,600 crossties (an average of 387 crossties per mile). Although service to the entire line generates a loss, service to the line from Milepost 0.0 to Milepost 9.8 (serving shippers at Versailles which generated 1,425 carloads in 1973) would generate \$398,451 in revenue and \$408,462 in costs with a resulting loss of only \$10,011 or \$7 per carload. A 7 percent growth in traffic or a 3 percent rate increase would make this portion of the line financially self-sufficient.

Recommendation

It is recommended that the portion of the Plainfield Secondary Track from Milepost 0.0 to Milepost 9.8 be included in the ConRail System.

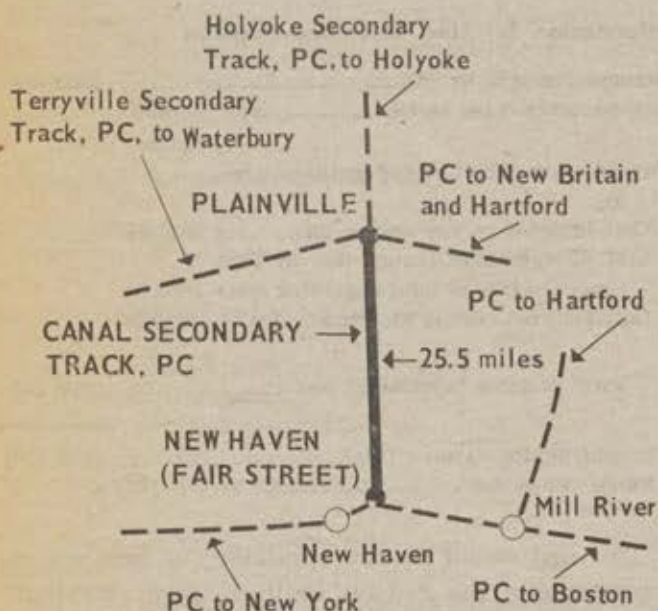
Preliminary Recommendation

It is *not* recommended that the portion of the Plainfield Secondary Track from Milepost 9.8 to Milepost 23.1 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$139,417 or \$251 per carload. Recovery of costs would require approximately a 223 percent increase in traffic or an 85 percent rate increase over the 1973 levels.

CANAL SECONDARY TRACK

USRA Line No. 675

Penn Central



The Canal Secondary Track, formerly part of the New Haven RR, extends from *New Haven (Fair Street)* (Milepost 2.0) to *Plainville, Ct.* (Milepost 27.5), a distance of 25.5 miles, in Hartford and New Haven Counties, Connecticut. At Plainville, this line connects with the Holyoke Secondary Track (also under study in this Report), the Terryville Secondary Track all PC. At New Haven, this line connects with the PC Shore Line between New York and Boston. This line was described as potentially excess in the U.S. DOT Report (see Zones 33, 36 and 37).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mt. Carmel	105
Cheshire	772
Milldale	306
Plantsville	17
Southington	228
Plainville ²	111
New Haven ¹	461

Total carloads generated by the line	2,000
Average carloads per week	38.5
Average carloads per mile	78.4
Average carloads per train	13.3
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,600
Train crew size	4

² Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line should be preserved because of the flexibility it provides the network in times of natural disaster. In Cheshire, there is a 2,000 acre industrial park with 280 acres already occupied by companies employing 1,000 people. Concern was expressed that the loss of this line could arrest further planned industrial development.

Information for Line Retention Decision

Revenue received by PC	\$880,553
Average revenue per carload	\$440
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	295,109
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	41,009
Cost incurred beyond the branch line	465,432
Total variable (avoidable) cost	\$801,550
Net contribution (loss): total	79,003
Average per carload	40

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 7,210 crossties (an average of 233 crossties per mile).

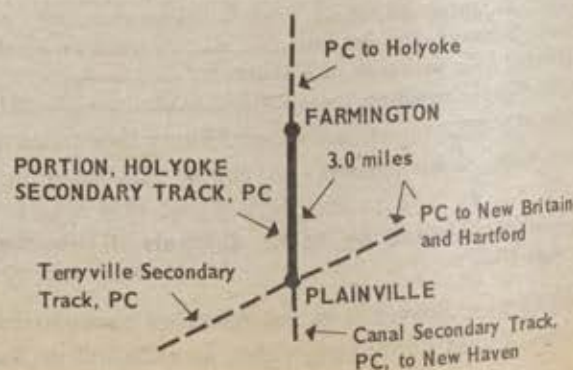
Recommendation

It is recommended that the Canal Secondary Track be included in the ConRail System.

PORTION OF THE HOLYOKE SECONDARY TRACK

USRA Line No. 675a

Penn Central



This portion of the Holyoke Secondary Track, formerly part of the New Haven RR, extends from Plainville (Milepost 0.0), to Farmington, Conn. (Milepost 3.0), a distance of 3.0 miles, in Hartford County, Connecticut. A continuation of this line runs in a northerly direction from Farmington to Holyoke (also under study in this Report). At Plainville, this line connects with the Terryville Secondary Track and the Canal Secondary Track, PC. The last-named is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 32 and 33).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Farmington	233
Plainville ¹	627

Total carloads generated by the line	860
Average carloads per week	16.5
Average carloads per mile	286.7
Average carloads per train	5.7
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,600
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Richard Russell of Gerrity Lumber Co. (not on this segment) explained why service on the Canal line is an all or none proposition: The line does not connect with anything on the south end. The overhead bridges are too low and the curves too sharp for modern trains. As a consequence, all traffic must come south from Plainville. This means all industries on the line, to exist, must have the whole line.

RSPO states after major flood destroyed the Naugatuck Valley line in 1955, the line was used to bring in supplies. Residents in the area urged this track be preserved because of the flexibility it provides the network in times of similar natural disasters.

Information for Line Retention Decision

Revenue received by PC	\$221,702
Average revenue per carload	\$258
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	61,765
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	3,728
Cost incurred beyond the branch line	149,892
Total variable (avoidable) cost	215,385

Net contribution (loss): total	6,317
Average per carload	7

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standard (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 890 cross-ties (an average of 297 cross-ties per mile).

Recommendation

It is recommended that this portion of the Holyoke Secondary Track be included in the ConRail System.

PORTION OF THE NORWICH SECONDARY TRACK

USRA Line No. 678

Penn Central



This portion of the Norwich Secondary Track, formerly part of the New Haven RR, extends from Plainfield (Milepost 28.0) to Putnam, Conn. (Milepost 45.8), a distance of 17.8 miles, in Windham County, Conn. Continuations of this line run from Putnam to South Worcester, Mass., and from Plainfield to Groton. The former is also under study in this Report. At Plainfield, the line also connects with the Plainfield Secondary track, PC, also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 29).

Traffic and Operating Information

Stations (with their 1973 carloads served by this line):	
Central Village	24
Waukegan	3,890
Danielson	144
Dayville	2,492
Putnam	1,091
Total carloads generated by the line	7,647
Average carloads per week	147.1

Average carloads per mile.....	429.6
Average carloads per train.....	30.6
1973 operating information:	
Number of round trips per year.....	250
Estimated time per round trip (hours).....	9
Locomotive horsepower.....	1,800
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" primarily concerned the costs and the problems that would be involved if the shippers were forced to use motor carrier service. USRA has also received correspondence from the Norwich and Worcester suggesting their interest in taking over this entire line.

Information for Line Retention Decision

Revenue received by PC.....	\$2,204,547
Average revenue per carload.....	\$288
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	388,741
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	1,364,209
Total variable (avoidable) cost.....	1,752,950
Net contribution (loss): Total.....	451,597
Average per carload.....	59

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that this portion of the Norwich Secondary Track be included in the ConRail System.

PORTION OF EAST LONGMEADOW SECONDARY TRACK

USRA Line No. 685

Penn Central



This portion of the East Longmeadow Secondary Track formerly part of the New Haven RR, extends from *East Windsor* (Milepost 18.0) to *East Hartford, Conn.* (Milepost 29.1), a distance of *11.1 miles*, in Hartford County, Conn. The northerly continuation of this line extends from East Windsor to Hazardville (also being studied in this Report) and beyond. At East Hartford the line connects with the Willimantic Secondary Track. This line was not described as potentially excess in the U.S. DOT Report (see Zone 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served this line:

S. Windsor.....	509
E. Windsor Hill.....	1,153
Total carloads generated by the line.....	1,662
Average carloads per week.....	32
Average carloads per mile.....	150
Average carloads per train.....	5.7
1973 operating information:	
Number of round trips per year.....	290
Estimated time per round trip.....	10.5
Locomotive horsepower.....	1,800
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Kerr McGee shipped 200 cars in 1973.

Information for Line Retention Decision

Revenue received by PC.....	\$535,066
Average revenue per carload.....	\$322
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	279,635
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost).....	23,232
Cost incurred beyond the branch line.....	399,254
Total variable (avoidable) cost.....	702,121
Net contribution (loss): total.....	(167,025)
Average per carload.....	(100)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,500 crossties (an average of 405 crossties per mile).

Preliminary Recommendation

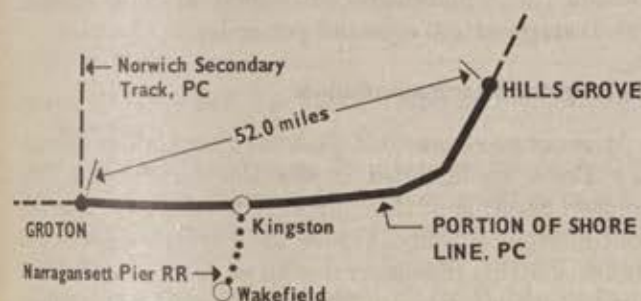
It is *not* recommended that this portion of the East Longmeadow Secondary Track be included in the Con-

Rail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$167,025 or \$100 per carload. Recovery of costs would require approximately a 125 per cent increase in traffic or a 30 per cent increase over the 1973 levels.

PORTION OF SHORE LINE

USRA Line No. 43

Penn Central



This portion of the Shore Line, formerly part of the New Haven RR, extends from Groton, Conn. (Milepost 125.0) to Hills Grove, R.I. (Milepost 177.0), a distance of 52.0 miles, in New London County, Connecticut and Washington County, Rhode Island. This line continues westward at Groton to New York, and eastward at Hills Grove to Boston. The line connects at Groton with the Norwich Secondary Track of the PC and at Kingston, R.I. (Milepost 158.1) with the Narragansett Pier RR. This line was described as potentially excess in the U.S. DOT Report (see Zones 27, 28 and 30).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Noank	0
Mystic	11
Stonington	0
Westerly	352
Bradford	98
Wood River Junction	9
Kenyon	10
Kingston	7
Sioux Falls	29
Wickford Junction	77
Davisville	504
East Greenwich	157
Apponaug	16
Goulds ¹	0
Peace Dale ¹	70
Wakefield ¹	2
Total carloads generated by the line	1,342

Average carloads per week	25.8
Average carloads per mile	25.8
Average carloads per train	5.4
1973 operating information:	
Number of round trips per week	250
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,750
Train crew size	4

¹ Stations on the Narragansett Pier RR.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that many industries and citizens were concerned with the designation of this line as potentially excess. Shipping costs would increase greatly if truck transportation had to be used. The U.S. Naval Submarine Base and other industries in the Groton area would be cut off from direct access to the east. The Narragansett Pier RR would be cut off from other railroads. Communities would suffer from tax losses.

Information for Line Retention Decision

Revenue received by PC	\$621,595
Average revenue per carload	\$463
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	519,502
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	380,610
Total* variable (avoidable) cost	900,112
Net contribution (loss): Total	(278,517)
Average per carload	(208)

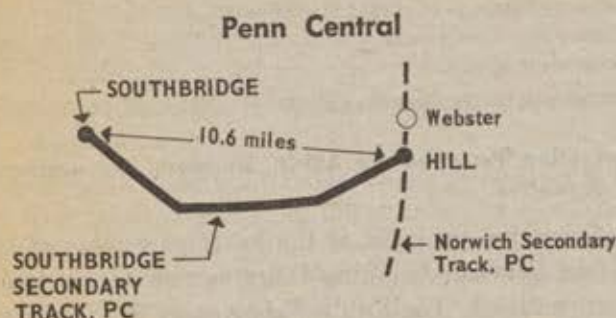
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Shore Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$278,517 or \$208 per carload. Recovery of costs would require approximately a 115 percent increase in traffic or a 45 percent rate increase over the 1973 levels.

SOUTHBRIDGE SECONDARY TRACK

USRA Line No. 40



The Southbridge Secondary track, formerly a part of the New Haven RR, extends from Webster (Milepost 0.5), to Southbridge, Mass. (Milepost 11.1), a distance of 10.6 miles, in Worcester County Massachusetts and Windham County, Connecticut. At Hill it connects with the Norwich Secondary Track of the PC, also under study in this report. The PC petitioned the ICC to abandon the line in October 1972, but the application has not been acted on (ICC Docket No. AB-5 Sub. 129). This line was declared potentially excess in the U.S. DOT Report (see Zones 26 and 29).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
West Dudley	110
Sandersdale	1
Southbridge	92

Total carloads generated by the line	203
Average carloads per week	3.9
Average carloads per mile	19.1
Average carloads per train	2.7

1973 Operating Information:

Number of round trips per year	75
Estimated time per round trip (hours)	2
Locomotive horsepower	1,500
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" consisted of a brief which was submitted to the ICC's Administrative Law Judge by the protestants of the proposed abandonment.

Information for Line Retention Decision

Revenue received by PC	\$71,374
Average revenue per carload	\$352

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	82,025
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	13,041
Cost incurred beyond the branch line	51,251
Total variable (avoidable) cost	146,317
Net contribution (loss): total	(74,943)
Average per carload	(369)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,700 crossties (an average of 160 crossties per mile).

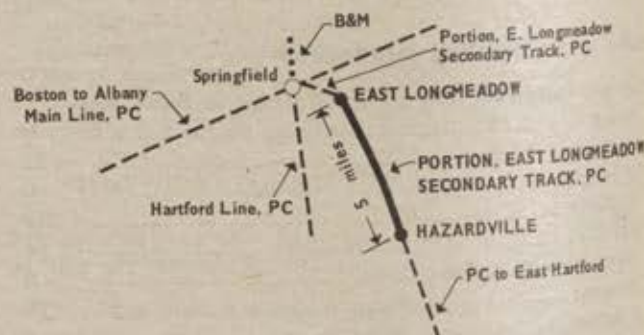
Preliminary Recommendation

It is *not* recommended that the Southbridge Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$74,943 or \$369 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 100 per cent rate increase over the 1973 levels.

PORTION OF EAST LONGMEADOW SECONDARY TRACK

USRA Line No. 44

Penn Central



This portion of the East Longmeadow Secondary Track, formerly part of the New Haven RR, extends from East Longmeadow, Mass. (Milepost 7.0), to Hazardville, Conn. (Milepost 12.0), a distance of 5.0 miles, in Hartford County, Conn., and Hampden County, Mass.

Continuations of this line extend northward from East Longmeadow to Springfield and southward from

Hazardville to East Hartford. A portion of the latter segment (from Hazardville to East Windsor) is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 24 and 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
East Longmeadow	1,999
Total carloads generated by the line	
Average carloads per week	38.4
Average carloads per mile	399.8
Average carloads per train	12.8
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	4
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Milton Bradley Co., Community Feed Stores, and Package Machinery Co. are particularly concerned about the loss of rail freight service at East Longmeadow. While the unemployment rate for this community is 7.5 percent (at time of Hearings), there is a possibility that a 400 job industry may locate soon in one of the town's industrial parks. USRA staff discussed with Springfield Chamber of Commerce problems associated with the continuation of service to those shippers who are located between Milepost 7.0 and 8.6. The Chamber has also been informed of the subsidy provisions for continuation of service which are available under the Reorganization Act. There is also a prospect that a large toy manufacturer in Hazardville will open a new plant by 1983. U.S. Envelope expects its traffic to increase at Hazardville to 300 carloads per year by 1975.

Information for Line Retention Decision

Revenue received by PC	\$939,510
Average revenue per carload	\$470
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	119,351
Cost of upgrading branch line to FRA	
Class I: (1/2 of total upgrading cost)	4,819
Cost incurred beyond the branch line	579,721
Total variable (avoidable) cost	703,891
Net contribution (loss): total	235,619
Average per carload	118

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 500 cross-ties (an average of 100 cross-ties per mile).

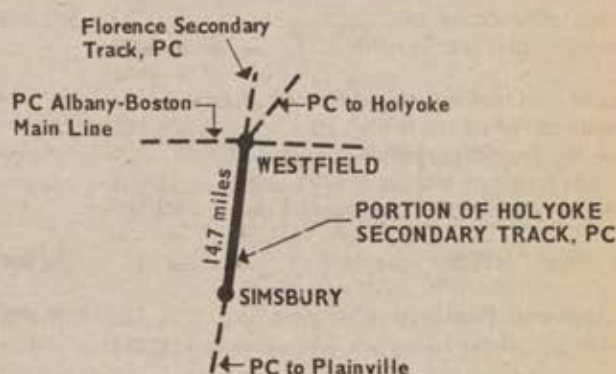
Recommendation

It is recommended that this portion of the East Longmeadow Secondary Track be included in the ConRail System.

PORTION OF HOLYOKE SECONDARY TRACK

USRA Line No. 54

Penn Central



This portion of the Holyoke Secondary Track, formerly a part of the New Haven RR, extends from Simsbury, Conn. (Milepost 43.8) to Westfield, Mass. (Milepost 58.5), a distance of 14.7 miles, in Hartford County, Connecticut and Hampden County, Massachusetts. At Simsbury it connects with its own southerly continuation to Farmington, Conn. and Plainville, and at Westfield with its northerly continuation to Holyoke, Mass. Both these lines are also under study in this report. At Westfield, the line also connects with the Florence Secondary Track of the PC to Easthampton (also under study in this report) and the Albany-Boston line of the PC. The PC applied to the ICC in 1971 for authority to abandon this segment but was turned down. The PC applied on August 14, 1974, to the U.S. Railway Association for permission to abandon the line. No action has been taken on this application. Except for a small portion at its north end, this portion of the Holyoke Secondary Track was declared potentially excess in the U.S. DOT Report (see Zones 24 and 32).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Floydville	1
Granby	17
Southwick	32
Total carloads generated by the line	
	50

Average carloads per week	1.0
Average carloads per mile	3.4
Average carloads per train	3.3
1973 Operating information:	
Number of round trips per year	15
Estimated time per round trip (hours)	2
Locomotive horsepower	1,600
Train Crew Size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information was provided about this line at the hearings conducted by the Rail Services Planning Office, as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$16,005
Average revenue per carload	\$320
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	101,318
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	12,724
Cost incurred beyond the branch line	9,945
Total variable (avoidable) cost	123,987
Net contribution (loss): total	(107,982)
Average per carload	(2,160)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,300 crossties (an average of 156 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Holyoke Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$107,982 or \$2,160 per carload. Recovery of costs would require approximately an eighteen-fold increase in traffic or a 675 per cent rate increase over the 1973 levels.

A PORTION OF CANAAN SECONDARY TRACK

USRA Line No. 59

Penn Central

This portion of the Canaan Secondary Track, formerly a part of the New Haven RR, extends from Canaan, Conn. (Milepost 48.3) to South Lee, Mass. (Milepost 71.5), a distance of 23.2 miles, in Berkshire



County, Mass. and Litchfield County, Conn. Continuations of this line extend northward from South Lee to Pittsfield where it connects with the Boston-to-Albany Line of the PC, and southward from Canaan to Berkshire Junction. A portion of the latter segment (from Canaan to New Milford) is also under study in this Report. This line was identified as potentially excess in the U.S. DOT Report (see Zones 22, 23, and 35).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Canaan*	924
Ashley Falls	9
Sheffield	286
Great Barrington	58
Van Deusenville	73
Housatonic	409
Stockbridge	2
South Lee*	132

Total carloads generated by the line	1,893
Average carloads per week	38.4
Average carloads per mile	81.6
Average carloads per train	7.0

1973 operating information:

Number of round trips per year	270
Estimated time per round trip (hours)	5.0
Locomotive horsepower	1,500
Train crew size	4

* (Includes only traffic on segment.)

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that a great deal of effort has been spent by the Berkshire Railroad Co. to obtain a charter to operate the Penn Central Berkshire line as a Class II short line railroad. Suggestions were made that passenger service should be reestablished between New York City and Berkshire communities. Rising Paper Co. and Home Gas Corp. were responsible for a total of 489 carloads at Van Deu-

senville, Mass. (Milepost 64.5). Lane Construction Co. of Sheffield, Mass. (Milepost 57.3) testified that they generated 333 carloads in 1973, mostly sand and gravel receipts from Westfield, Mass. The eleven shippers using the line between S. Lee and Ashley Falls, Mass., employ 540 people. There was no estimate of possible job loss related to rail service termination. In Canaan, Pfizer, Inc. and Becton-Dickinson have indicated that they will relocate their facilities if rail service is lost, threatening 570 people. Total population of Canaan is 951 people.

Information for Line Retention Decision

Revenue received by PC.....	\$624,707
Average revenue per carload.....	\$330
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	272,237
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)...	27,685
Cost incurred beyond the branch line.....	386,384
Total variable (avoidable) cost.....	686,304
Net contribution (loss): total.....	(61,599)
Average per carload.....	(33)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,500 cross-ties (an average of 150 cross-ties per mile). Although service to the entire line generates a loss, service to the line from Milepost 71.5 to Milepost 66.7 (serving shippers at South Lee, Stockbridge and Housatonic who generated 544 carloads in 1973) would generate \$219,350 in revenue and \$183,272 in costs with a resulting net contribution of \$34,078 or \$85 per carload.

Recommendation

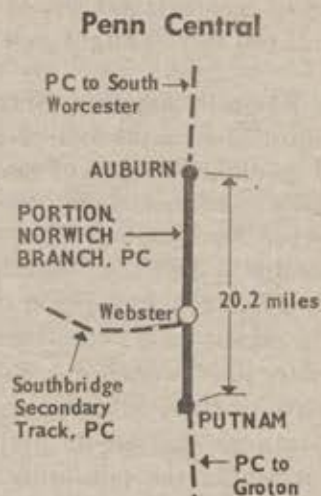
It is recommended that the portion of the Canaan Secondary Track between Milepost 71.5 and Milepost 66.7 be included in the ConRail System.

Preliminary Recommendation

It is not recommended that the portion of the Canaan Secondary Track between Milepost 66.7 and Milepost 43.3 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to 95,675 or \$71 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 125 percent rate increase over the 1973 levels.

PORTION OF THE NORWICH SECONDARY TRACK

USRA Line No. 678a



This portion of the Norwich Secondary Track, formerly part of the New Haven RR, extends from Putnam, Conn. (Milepost 45.8), to Auburn, Mass. (Milepost 66.0), a distance of 20.2 miles, in Windham County, Connecticut and Worcester County, Massachusetts. Continuations of this line run from Auburn to South Worcester and from Putnam to Groton. The latter is also under study in this Report. At Webster (Milepost 54.9), this line connects with the Southbridge Secondary Track of the PC (also under study in this Report). This line, with the exception of a small portion near Putnam, was described as potentially excess in the U.S. DOT Report (see Zones 25, 26, and 29).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Grosvenordale	23
N. Grosvenordale.....	148
Webster	187
Oxford	58
Total carloads generated by the line.....	416
Average carloads per week.....	8.0
Average carloads per mile.....	20.6
Average carloads per train.....	4.0
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	5.0
Locomotive horsepower.....	1,500
Train crew size.....	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the only wholesale grocer within an area of sixty miles

would be forced out of business if rail service to Webster is curtailed. According to correspondence from Edward Babula of the Selectman's Office, Town of Thompson, the town is planning an industrial park which they feel is vital to the future economic stability of the town. The discontinuation of rail service might well mean the end of this park.

A letter from Kevin P. Johnston, State Representative (Conn.) indicated that the loss of rail service in this area would result in the loss of many jobs in an area that is already economically depressed.

Attorneys for the Norwich and Worcester Railroad Co., lessor of this line to the Penn Central, have written to inform the U.S. Railway Association "that there is a real possibility of preservation of service upon the Norwich and Worcester line through re-acquisition of possession and control of that property by Norwich and Worcester and to urge that in its preliminary plan USRA should recognize the possibility of continued operation of the Norwich and Worcester line under private ownership and management, as set forth above."

Information for Line Retention Decision

Revenue received by PC.....	\$149,724
Average revenue per carload.....	\$360
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	174,933

Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	103,860
Total variable (avoidable) cost.....	278,793
Net contribution (loss) : total.....	(129,069)
Average per carload.....	(310)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). The town of Oxford is planning an industrial park which will require future rail service.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Norwich Branch, not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$129,069; \$310 per carload. Recovery of costs would require approximately a 240 per cent increase in traffic or an 85 per cent rate increase over the 1973 levels.

DELAWARE

Intrastate

PC

USRA line number	Terminals
138a	Farnhurst to New Castle
159	Lewes Beach Track at Lewes
160	Broadkill to Lewes
161	Georgetown to Broadkill
162	Clayton to Smyrna

RDG

937	Montchanin to Rockland
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Interstate

PC

Delaware to Maryland

147	Townsend, Del. to Massey, Md.
167	Indian River, Del. to Snow Hill, Md.
168	Seaford, Del. to Cambridge, Md.
169	Clayton, Del. to Easton, Md.

RDG

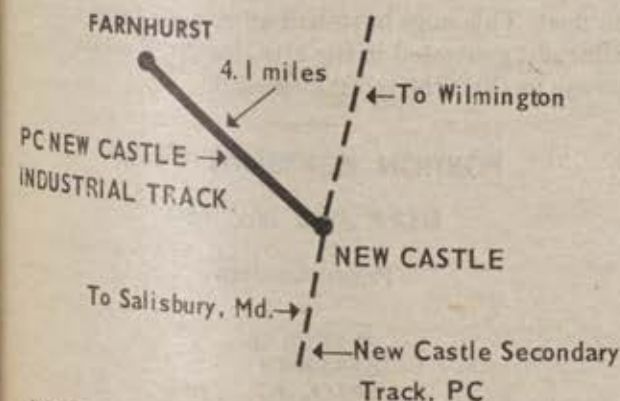
Delaware to Pennsylvania

907/939	Elsmere Junction, Del. to Elverson, Pa.
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NEW CASTLE INDUSTRIAL TRACK

USRA Line No. 138a

Penn Central



The New Castle Industrial Track, formerly part of the Pennsylvania RR, extends from Farnhurst (Mile-

post 2.1), to New Castle (Milepost 6.2), a distance of 4.1 miles, in New Castle County, Delaware. Between Milepost 2.1 and Milepost 4.1, the line has not been used since August 30, 1972, and has been physically removed. At New Castle, this line connects with the PC New Castle Secondary Tracks. This line was the former connection from the Wilmington Passenger Station to the Delmarva Branch. This line was not described as potentially excess to the U.S. DOT Report (see Zone 84).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Farnhurst	44
New Castle ¹	12

Total carloads generated by the line	56
Average carloads per week	1.1
Average carloads per mile	26.7
Average carloads per train	1.1

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	1.0
Locomotive horsepower	1,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$12,737
Average revenue per carload	\$227

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	18,839
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	7,071
Cost incurred beyond the branch line	4,216

Total variable (avoidable) cost	30,126
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Net contribution (loss): total	(17,389)
Average per carload	(310)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I Track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include

the replacement of a total of 2,117 cross-ties (an average of 1,008 cross-ties per mile). An industrial park is being built on this line. Kaiser Aluminum has been shipping since late 1973.

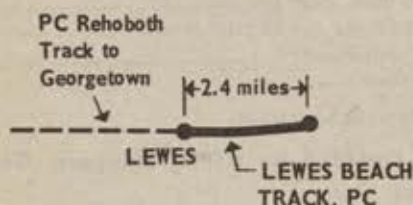
Preliminary Recommendation

Although the preliminary recommendation is that the New Castle Industrial Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$17,389 or \$310 per carload. Recovery of costs would require approximately a 200-fold increase in traffic or a 140-percent rate increase over the 1973 levels.

LEWES BEACH TRACK

USRA Line No. 159

Penn Central



The Lewes Beach Track, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 2.4, a distance of 2.4 miles at Lewes, Sussex County, Delaware. At Lewes this line connects with the PC Rehoboth Track, also under study in this Report. An application for abandonment of this line was filed with the ICC (Docket No. AB-5, Sub. 195); but no action has been taken. This line was not shown in the U.S. DOT Report (see Zone 85).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lewes ¹	14
Total carloads generated by the line	14
Average carloads per week	0.3
Average carloads per mile	5.8
Average carloads per train	0.6
1973 operating information:	
Number of round trips per year	25
Estimated time per round trip (hours)	1
Locomotive horsepower	1,600
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line could be abandoned.

Information for Line Retention Decision

Revenue received by PC	\$7,561
Average revenue per carload	\$540
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	18,370
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost) ..	5,258
Cost incurred beyond the branch line	3,887
Total variable (avoidable) cost	27,515
Net contribution (loss): total	(19,954)
Average per carload	(1,425)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 387 cross-ties (an average of 161 cross-ties per mile).

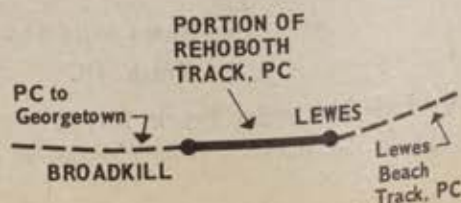
Preliminary Recommendation

It is *not* recommended that the Lewes Beach Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$19,954 or \$1,425, per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 265 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but NOT substantially enough to affect the recommendation.

PORTION REHOBOTH TRACK

USRA Line No. 160

Penn Central



This portion of the Rehoboth Track, formerly part of the Pennsylvania RR, extends from *Broadkill* (Milepost 30.0) to *Lewes, Del.* (Milepost 38.0), a distance of 8.0 miles, in Sussex County, Delaware. At Broadkill, this line continues west to Georgetown, which line is also under study in this Report. It connects at Lewes with the Lewes Beach Track, which is also under study in this Report. In July, 1973, the PC applied to the ICC for permission to abandon this line; Docket No. AB-5, Sub. 195. This line was described as potentially excess in the U.S. DOT Report (see Zone 85).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Cool Spring	1
Nassau	31
Lewes ¹	90

Total carloads generated by the line	122
Average carloads per week	2.4
Average carloads per mile	15.3
Average carloads per train	1.2
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,600
Train crew size	4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report". Correspondence from Sherman W. Tribbett, Governor of Delaware, indicates this line should not be declared excess and be kept to support the Sussex County Industrial Park.

Information for Line Retention Decision

Revenue received by PC	\$46,072
Average revenue per carload	\$378
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	77,601
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	10,874
Cost incurred beyond the branch line	34,566
Total variable (avoidable) cost	123,041
Net contribution (loss): Total	(76,969)
Average per carload	(631)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1114 crossties (an average of 139 crossties per mile).

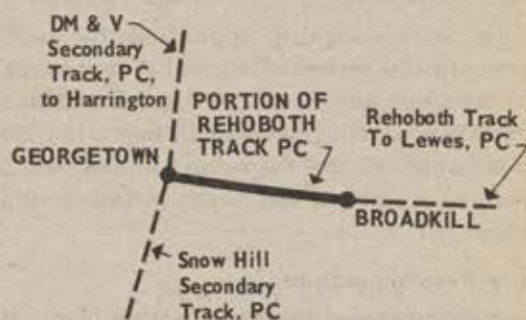
Preliminary Recommendation

It is *not* recommended that this portion of the Rehoboth Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$76,969 or \$631 per carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 165 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will NOT make the line viable. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but NOT substantially enough to effect the recommendation.

PORTION OF THE REHOBOTH TRACK

USRA Line No. 161

Penn Central



This portion of the Rehoboth Track, formerly part of the Pennsylvania RR, extends from *Georgetown* (Milepost 23.9) to *Broadkill, Del.* (Milepost 30.0), a distance of 6.1 miles, in Sussex County, Delaware. At Broadkill this line continues to Lewes. At Georgetown this line connects with the DM&V Secondary Track and the Snow Hill Secondary Track. The line from Broadkill to Lewes is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 85).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Bennum	1
Broadkill	151

Total carloads generated by the line	152
Average carloads per week	2.9
Average carloads per mile	24.9
Average carloads per train	1.0
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	4
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Sussex County has put up \$143,783 of its own money, in concert with a \$100,000 Economic Development Administration federal grant, to build rail spurs for a new industrial subdivision located just east of Georgetown. This spur is expected to add 750 cars per year to the line.

Information for Line Retention Decision

Revenue received by PC	\$18,324
Average revenue per carload	\$121
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	72,211
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	5,759
Cost incurred beyond the branch line	18,360
Total variable (avoidable) cost	96,330
Net contribution (loss): Total	(78,006)
Average per carload	(513)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 755 crossties (an average of 124 crossties per mile).

Preliminary Recommendation

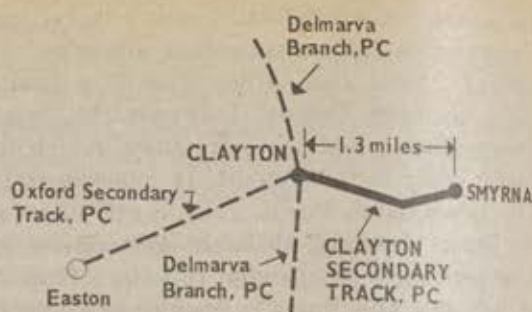
It is *not* recommended that this portion of the Rehoboth Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$78,006 or \$513 per carload. Recovery of costs would require both an increase in traffic and rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will NOT make the line viable. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but NOT substantially enough to affect the recommendation.

CLAYTON SECONDARY TRACK

USRA Line No. 162

Penn Central

The Clayton Secondary Track, formerly part of the Pennsylvania RR, extends from Clayton (Milepost 0.0)



to Smyrna, Del. (Milepost 1.3), a distance of 1.3 miles, in Kent County, Del. At Clayton, this line connects with the PC's Delmarva Branch and Oxford Secondary Track. The latter is also under study in this Report. This line was not shown in the U.S. DOT Report (See Zone 85).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Smyrna	41
Total carloads generated by the line	
Average carloads per week	0.8
Average carloads per mile	31.5
Average carloads per train	0.8
1973 Operating Information:	
Number of round trips per year	50
Estimated time per round trip (hours)	1.0
Locomotive horsepower	1,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$14,367
Average revenue per carload	\$350
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	15,065
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	5,000
Cost incurred beyond the branch line	12,507
Total variable (avoidable) cost	33,771
Net contribution (loss): Total	(19,404)
Average per carload	(437)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 693 crossties (an average of 533 crossties per mile).

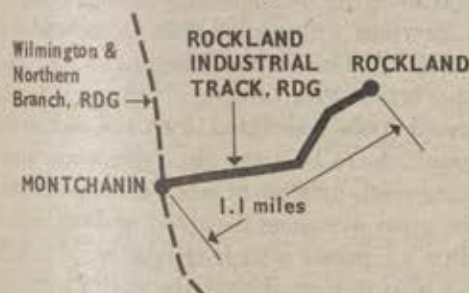
Preliminary Recommendation

It is *not* recommended that the Clayton Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$19,404 or \$473 per carload. Recovery of costs would require approximately a ten-fold increase in traffic or a 135 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but not substantially enough to affect the recommendation.

ROCKLAND INDUSTRIAL TRACK

USRA Line No. 937

Reading



The Rockland Industrial Track, extends from *Montchanin* (Milepost 0.0), to *Rockland, Del.* (Milepost 1.1), a distance of 1.1 miles, in New Castle County, Del. At Montchanin this line connects with the Reading's Wilmington & Northern Branch running from Wilmington, Del. to Birdsboro, Pa. A portion of this line is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 84).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rockland	344
Total carloads generated by the line	344
Average carloads per week	6.6
Average carloads per mile	312.7
Average carloads per train	3.3
1973 Operating Information:	
Number of round trips per year	104
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by RDG	\$27,883
Average revenue per carload	\$81

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	31,445
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	31,406

Total variable (avoidable) cost 62,851

Net Contribution (loss): total	(34,968)
Average per carload	(101)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

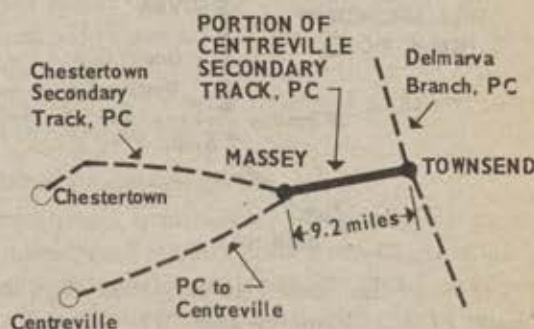
Preliminary Recommendation

It is *not* recommended that the Rockland Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$34,968 or \$101 per carload. Recovery of costs would require both an increase in traffic and rate increase over the 1973 levels.

PORTION OF THE CENTREVILLE SECONDARY TRACK

USRA Line No. 147

Penn Central



This portion of the Centreville Secondary Track, formerly part of the Pennsylvania RR, extends from *Townsend, Del.* (Milepost 0.0), to *Massey, Md.* (Milepost 9.2), a distance of 9.2 miles, in Kent County, Maryland and New Castle County, Delaware. At Massey the line continues south to Centreville and also connects with the P.C. Chestertown Secondary Track. It con-

nects with the Delmarva Branch of the Penn Central at Townsend. Both of these are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 84 and 86).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers. It is used as an overhead line to USRA line numbers 148 and 149. The preliminary recommendation for both of these lines is that they not be included in the ConRail System. Therefore, this line is not required by the ConRail System.

Preliminary Recommendation

It is *not* recommended that this portion of the Centreville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy.

PORTION OF SNOW HILL SECONDARY TRACK

USRA Line No. 167

Penn Central



This portion of the Snow Hill Secondary Track, formerly part of the Pennsylvania RR, extends from Indian River, Del. (Milepost 12.8) to Snow Hill, Md. (Milepost 41.8), a distance of 29.0 miles, in Sussex County, Del., and Worcester County, Md. At Berlin, this line connects with the Ocean City Western RR. At Indian River, the line continues north to Georgetown. This line (except for a portion at Indian River) was described as potentially excess in the U.S. DOT Report (see Zones 85 and 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Dagsboro	63
Frankford	187
Selbyville	70
Bishop	228
Showell	19
Berlin	543
Queponco	10
Snow Hill	1,066

Total carloads generated by the line	2,186
Average carloads per week	42.0
Average carloads per mile	73.4
Average carloads per train	8.7
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	8
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the increased costs associated with the switch to truck freight would force business shutdowns and unemployment. Other testimony mentioned the unavailability of trucks, the great distances involved, and the high weight and volume of goods which trucks could not handle. Testimony also indicated that the entire segment from Dagsboro to Snow Hill should be considered as one line, and then the total carloads would be 2,294 per annum.

Information for Line Retention Decision

Revenue received by PC	\$1,017,656
Average revenue per carload	\$466

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	350,783
Cost of upgrading branch line to FRA Class I (1/3 of total upgrading cost)	75,618
Cost incurred beyond the branch line	689,192

Total variable (avoidable) cost	1,121,586
Net contribution (loss): total	(103,937)
Average per carload	(48)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 15,466 crossties (an average of 533 crossties per mile). The loss now being generated by this line can be offset by a 30-percent growth in traffic or a 10-percent rate increase, or through a combination of

the two actions. Through shipper support, the line can be made financially self-sufficient.

Recommendation

It is recommended that this portion of the Snow Hill Secondary Track be included in the ConRail System.

CAMBRIDGE SECONDARY TRACK

USRA Line No. 168

Penn Central



The Cambridge Secondary Track, formerly part of the Pennsylvania RR, extends from *Seaford Del.* (Milepost 1.2), to *Cambridge, Md.* (Milepost 31.5), a distance of 30.3 miles, in Sussex County, Delaware and Dorchester County, Maryland. At Seaford, this line connects with Seaford Secondary Track and the Delmarva Branch of the PC. At Hurlock, Md. this line connects with the PC Preston Industrial Track running from Preston to Vienna. The latter line is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 85 and 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Oak Grove	3
Dessard	3
Federalburg	89
Williamsburg	14
Hurlock ¹	18
East New Market	65
Linkwood	12
Cambridge	1,366
Seaford ¹	6
Total carloads generated by the line	1,576
Average carloads per week	30.3
Average carloads per mile	52.0
Average carloads per train	7.9

1973 operating information:

Number of round trips per year	200
Estimated time per round trip (hours)	12
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Connelly Containers, projecting 563 carloads, is planning a \$300,000 expansion of this plant at Cambridge. Connelly estimated 424 carloads in 1973 but this was a low figure due to an accident which closed the bridge crossing the Chesapeake and Delaware Canal. R. J. Reynolds estimated 241 carloads in 1973 (bridge accident) and projected 754 carloads.

At St. Louis hearings, Joseph S. Dewey, Kerr-McGee Corp. (fertilizer) estimated annual rail tonnage at 15,300 and their economic survival is dependent on rail services.

Information for Line Retention Decision

Revenue received by PC	\$702,808
Average revenue per carload	\$446
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	366,998
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	85,030
Cost incurred beyond the branch line	491,246
Total variable (avoidable) cost	943,274
Net contribution (loss): Total	(240,466)
Average per carload	(153)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 18,497 cross ties (an average of 610 cross ties per mile).

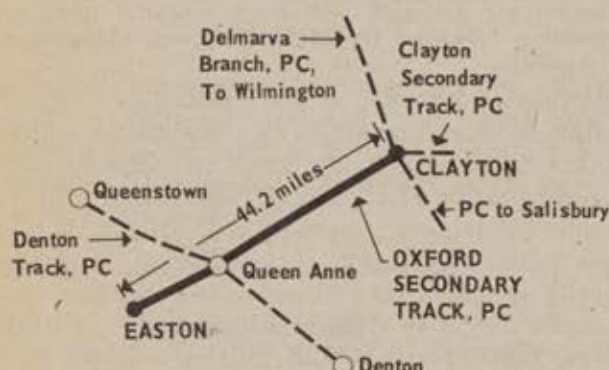
Preliminary Recommendation

Although the preliminary recommendation is that the Cambridge Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$240,466 or \$153 per carload. Recovery of costs would require approximately a 115 percent increase in traffic or a 34 percent rate increase over the 1973 levels.

OXFORD SECONDARY TRACK

USRA Line No. 169

Penn Central



The Oxford Secondary Track, formerly part of the Pennsylvania RR, extends from *Clayton, Del.* (Milepost 0.0) to *Easton, Md.* (Milepost 44.2), a distance of 44.2 miles, in Kent County, Delaware and Caroline, Queen Annes and Talbot Counties, Maryland. At Clayton, this line connects with the PC Delmarva Branch and the Clayton Secondary Track. At Queen Anne, the line connects with the Denton Track running from Denton to Queenstown. All of these lines except the first are also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zones 85 and 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Kenton	10
Hartly	0
Marydel	82
Henderson	16
Goldsboro	9
Greensboro	23
Ridgely	87
Queen Anne	104
Cordova	43
Easton	891
Total carloads generated by the line	1,265
Average carloads per week	24.3
Average carloads per mile	28.6
Average carloads per train	5.1
1973 Operating Information:	
Number of round trips per year	250
Estimated time per round trip	8.0 hours
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Saulsbury Brothers, Inc. and Southern States Coop, Inc. indicated

a belief that cessation of rail service over this line potentially could cause unemployment, retard the area's growth and cause fertilizer prices to increase.

Information for Line Retention Decision

Revenue received by PC	\$621,506
Average revenue per carload	\$491
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	447,103
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	125,684
Cost incurred Beyond the branch line	441,600
Total variable (avoidable) cost	1,014,387
Net contribution (loss): total	(\$392,881)
Average per carload	(\$311)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 28,288 crossties (an average of 640 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Oxford Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$392,881 or \$311 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 60 per cent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will NOT make the line viable. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but NOT substantially enough to affect the recommendation.

PORTION OF THE WILMINGTON & NORTHERN BRANCH

USRA Line No. 907/939

Reading

This portion of the Wilmington & Northern Branch, extends from *Elsmere Junction, Del.* (Milepost 2.9), to *Elverson, Pa.* (Milepost 51.7), a distance of 48.8 miles, in New Castle County, Delaware and Chester County, Pa. This line continues north from Elverson to Birdsboro, and south from Elsmere Junction to Wilmington.



At Elsmere Junction, this line also connects with the Baltimore & Ohio's Philadelphia-Washington line. At Kentmere Junction, this line connects with the Reading line running to Kentmere. It also connects with the Reading's Rockland Industrial Track at Montchanin. Additionally, at Chadds Ford Junction, Pa., this line intersects the PC Octoraro Secondary Track; and at Coatesville, Pa., it connects with the PC line running from Philadelphia to Pittsburgh. Still another connection is made at Elversson with the Reading line running to Warwick. The Reading lines running to Kentmere, Rockland, and Warwick as well as the PC Octoraro Secondary Track are also under study in this Report. This line, except for the portions from Elsmere Junction to Montchanin and (as corrected March 1, 1974) from Modena to Coatesville, was described as potentially excess in the U.S. DOT Report (see Zones 66 and 84).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Elversson	42
Brandamore	9
Embreeville	1
Northbrook	2
Lenape	1
Pocopson	6
Montchanin	3
Greenville	21
Kennett Road	1
Newbridge	9
Silverbrook	5
Elsmere Jet	48
Wilmington	3,414
Delaware River Pier	64
Total carloads generated by the line	3,626

Average carloads per week	69.7
Average carloads per mile	74.3
Average carloads per train	11.6
1973 operating information:	
Number of round trips per year	312
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that many shippers testified about this line particularly at Modena and Coatesville. These two stations were not included on this line segment as they will receive service from the PC line.

Information for Line Retention Decision

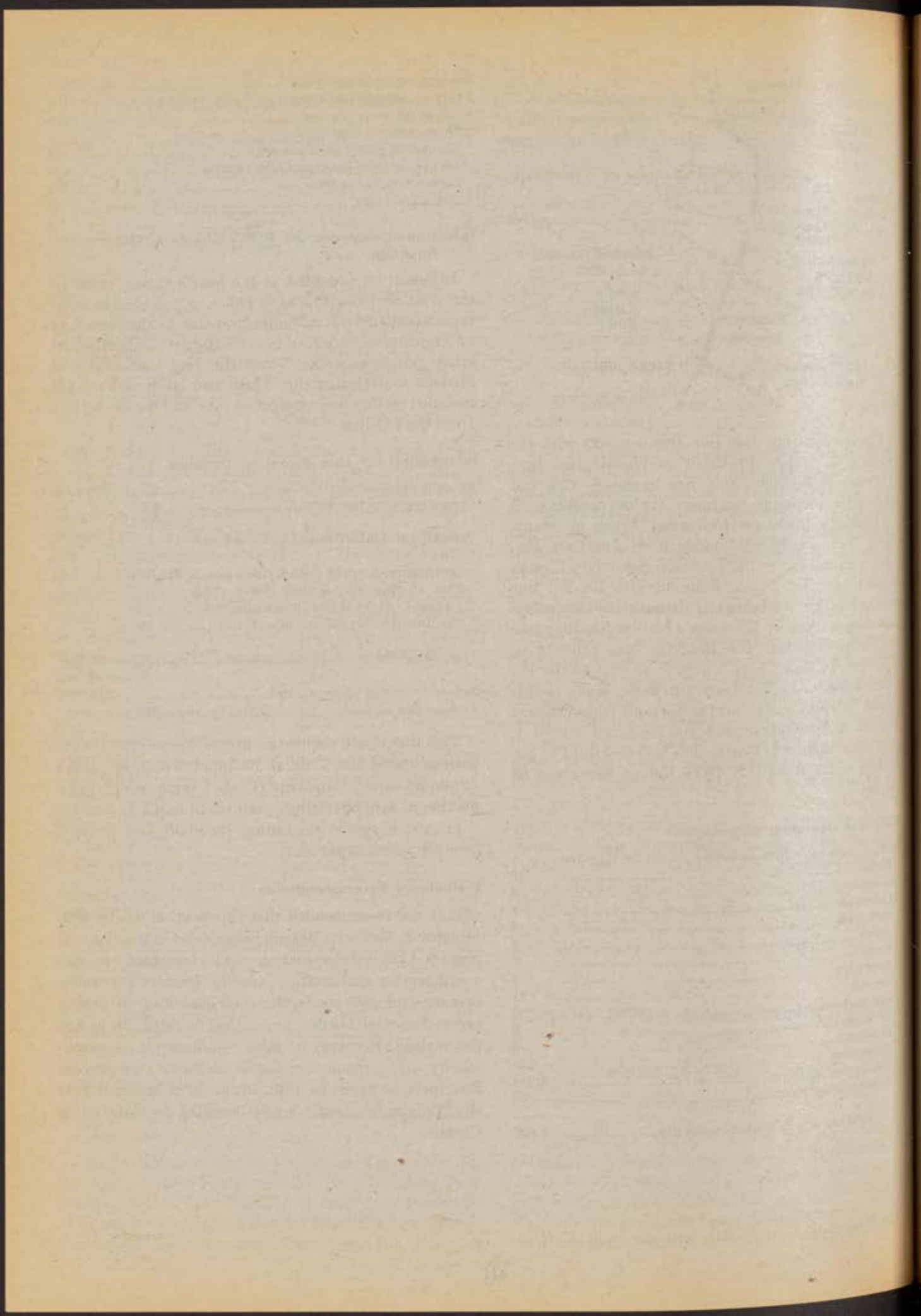
Revenue received by RDG	\$762,498
Average revenue per carload	\$211
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	610,302
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	366,934
Total variable (avoidable) cost	977,236
Net contribution (loss): total	(214,738)
Average per carload	(\$60)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Lenape Forge is expanding its plant and projects over 300 carloads per year.

Preliminary Recommendation

It is *not* recommended that this portion of the Wilmington & Northern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$214,738 or \$60 per carload. Recovery of costs would require approximately a 54 percent increase in traffic or a 28 percent rate increase over the 1973 levels. It is expected that the Wilmington traffic can be handled by ConRail or Chessie.



ILLINOIS

Intrastate

PC

line number USRA	Terminals
415	Matteson to Frankfort
422	Depue Junction to Depue
434	Howe to PC Junction
434a	PC Junction to Churchill
435	Ladd Junction to Zearing (BN Trackage Rights)
570a	Lenox to East Alton
605	Danville to Paris
605a	Paris to Hutsonville
605b	Hutsonville to Robinson
606	Robinson to Mount Carmel
606a	Mount Carmel to Harrisburg
607	Harrisburg to Olmsted
607b	Harrisburg to Delta Mine
609	Paris to Decatur
610/610a	Maroa to Decatur (ICG Trackage Rights)
611	Maroa to Waynesville
611b	East Peoria to Atlanta
617	Danville to Urbana
617a	Pekin to East Peoria (P&PU Trackage Rights)
617b	Urbana to Bloomington
617c	Bloomington to Pekin
618a	Paris to Mattoon
618b	Mattoon to Hillsboro
679	East St. Louis to Hillsboro

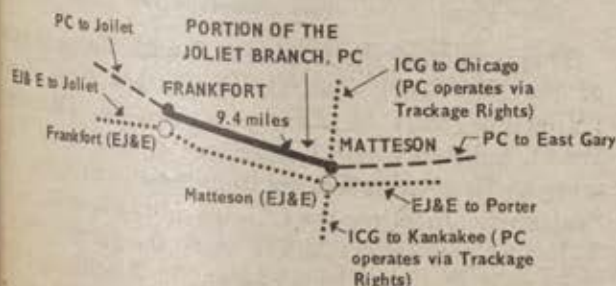
Interstate

For Illinois to Indiana interstate lines, refer to Page 431 under Indiana.

PORTION OF THE JOLIET BRANCH

USRA Line No. 415

Penn Central



This portion of the Joliet Branch, formerly part of the New York Central RR, extends from Matteson

(Milepost 24.8) to Frankfort, Ill. (Milepost 34.2), a distance of 9.4 miles, in Cook and Will Counties, Ill. A continuation of this line extends to Joliet from Frankfort. At Matteson, this line connects with the Illinois Central Gulf RR Main Line to Chicago (PC operates over this line from Kankakee via trackage rights). The PC connection (via trackage rights) and the continuations of this line are also under study in this report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 131).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this

line:	
Frankfort	138
Total carloads generated by the line	138
Average carloads per week	2.7
Average carloads per mile	18.7
Average carloads per train	2.8
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information was provided on this line at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." However, a long-range transportation plan for the Chicago metropolitan region suggests that this line of the Penn Central should be abandoned and service continued by the parallel Elgin Joliet & Eastern Ry between Joliet and Hobart. This recommendation was published by the Chicago Area Transportation Study in February 1974 and adopted as an official planning document on June 21, 1974. The plan calls for the use of the PC right-of-way as an energy corridor for pipelines and electric utility transmission lines. The plan suggests that shippers and local governments could maintain existing service at their own initiative.

Information for Line Retention Decision

Revenue received by PC	\$22,924
Average revenue per carload	\$168

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	68,462
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost) ..	14,116
Cost incurred beyond the branch line.....	16,544

Total variable (avoidable) cost..... 99,544

Net contribution (loss): total.....	(76,620)
Average per carload.....	(555)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,300 crossties (an average of 310 crossties per mile).

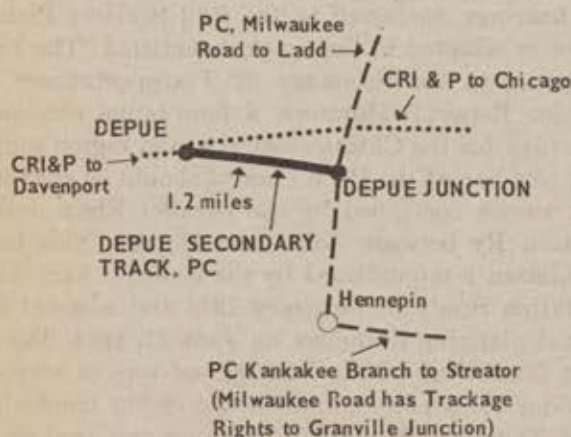
Preliminary Recommendation

It is *not* recommended that this portion of the Joliet Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$76,620 or \$555 per carload. Recovery of costs would require approximately a twelve-fold increase in traffic or a 330 percent rate increase over the 1973 levels.

DEPUÉ SECONDARY TRACK

USRA Line No. 422

Penn Central



The Depue Secondary Track, formerly part of the New York Central RR, extends from *Depue Junction* (Milepost 0.0) to *Depue, Ill.* (Milepost 1.2), a distance of 1.2 miles, in Bureau County, Illinois. At Depue Junction, this line connects with the PC Kankakee Branch, over which the Chicago, Milwaukee, St. Paul, and Pacific has trackage rights. It also connects with the Chi-

cago, Rock Island & Pacific at Depue. This line is used to interchange with the Chicago, Rock Island and Pacific at Depue. This line was not described as potentially excess in the U.S. DOT Report (see Zone 134).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is used to interchange traffic with the Chicago, Rock Island and Pacific Railroad. This interchange can be provided at Peoria, East St. Louis, or Chicago.

Preliminary Recommendation

It is *not* recommended that this portion of the Depue Secondary Track be included in the ConRail System.

PORTION OF THE KANKAKEE BRANCH

USRA Line No. 434

Penn Central



This portion of the Kankakee Branch, formerly part of the New York Central RR, extends from *Howe* (Milepost 188.3) to *Ladd Junction, Ill.* (Milepost 194.4), a distance of 6.1 miles, in Bureau County, Illinois. At Howe, this line continues east to Streator. At Seatonville Junction, the Chicago, Milwaukee, St. Paul & Pacific connects. (C&NW owns the portion (M.P. 192.2 to M.P. 193.8) from Seatonville Junction to LX; PC operates via trackage rights.) At Ladd Junction, the leg of the wye to PC Junction provides a connection to the Burlington Northern with PC Trackage

rights to Zearing, the Chicago, Milwaukee, St. Paul & Pacific Line to Davis Junction and the Burlington Northern to Streator. The PC-BN Trackage Rights to Zearing and the PC Churchill Secondary Track are also under study in this Report. The Chicago, Milwaukee, St. Paul and Pacific has trackage rights over PC Seatonville Junction to Granville Junction. This line was described as potentially excess in the U.S. DOT Report (see Zone 134).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is used to interchange traffic with the CMS&P&P and the C&NW also operates over this line via trackage rights. This traffic can be interchanged at Chicago.

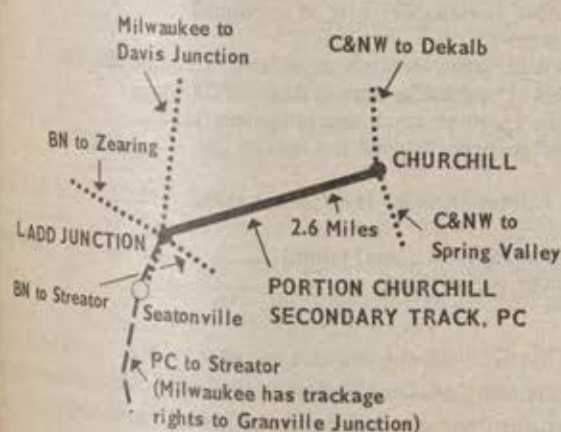
Preliminary Recommendation

It is *not* recommended that this portion of the Kankakee Branch be included in the ConRail System.

PORTION OF THE CHURCHILL SECONDARY TRACK

USRA Line No. 434a

Penn Central



This portion of the Churchill Secondary Track, formerly part of the Pennsylvania RR, extends from Ladd Junction (Milepost 194.3) to Churchill, Ill. (Milepost 196.9), a distance of 2.6 miles, in Bureau County, Ill. A continuation of this line extends south-

westward to Hennepin. This line connects with the Chicago, Milwaukee, St. Paul and Pacific Railroad to Mendota at Ladd Junction. It also connects with the Chicago and North Western line to Sycamore. A portion of this line was described as potentially excess in the U.S. DOT Report.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is used to serve USRA Segment No. 435. The preliminary recommendation for Segment 435 is that it not be included in the ConRail System.

Preliminary Recommendation

It is *not* recommended that this portion of the Churchill Secondary Track be included in the ConRail System.

PC TRackage RIGHTS OVER BURLINGTON NORTHERN

USRA Line No. 435

Penn Central



These PC trackage rights over the Burlington Northern extend from Ladd Junction (Milepost 193.8) to Zearing, Ill. (Milepost 200.4), a distance of 6.6 miles, in Bureau County, Illinois. This line is owned by the Burlington Northern; PC operates over it by trackage rights. At Ladd Junction, this line connects with the

PC Kankakee Branch to Streator, and the Chicago, Milwaukee, St. Paul and Pacific to Davis Junction. At Zearing, it connects with the Burlington Northern to Chicago and Galesburg. It also connects with PC's Churchill Secondary Track at Ladd Junction, which is also under study in this Report. A portion of the PC Kankakee Branch is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 134).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

PC trackage rights over this line are used to interchange traffic with the BN. This interchange can be undertaken at East St. Louis, Peoria, Streator, or Chicago.

Preliminary Recommendation

It is *not* recommended that trackage rights over this portion of the BN be included in the ConRail System.

The East Alton Branch, formerly part of the New York Central RR, extends from *East Alton* (Milepost 241.3) to *Lenox, Ill.* (Milepost 249.9), a distance of 8.6 miles, in Madison County, Ill. This line of the Penn Central is operated as a paired track railroad with PC owning one of the two tracks and ICG the other. The segment is part of ICG's Chicago-St. Louis Main Line. BN also has trackage rights over the line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 323).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

East Alton.....	794
Total carloads generated by the line.....	794
Average carloads per week.....	15.8
Average carloads per mile.....	92.8
Average carloads per train.....	2.6
1973 operating information:	
Number of round trips per year.....	300
Estimated time per round trip (hours).....	10
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC.....	\$449,339
Average revenue per carload.....	\$566
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	226,162
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	186,714
Total variable (avoidable) cost.....	412,876
Net contribution (loss): total.....	\$36,503
Average per carload.....	46

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that the East Alton Branch be included in the ConRail System.

EAST ALTON BRANCH ICG RR JOINT

USRA Line No. 570a

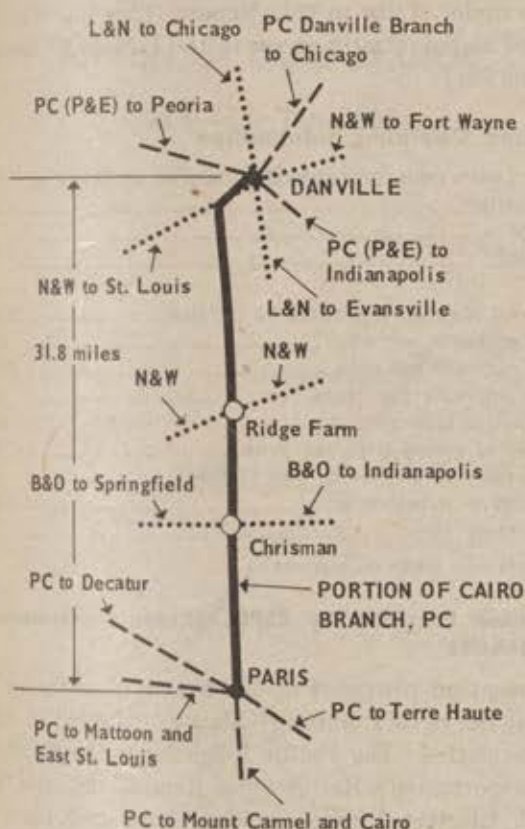
Penn Central



PORTION OF THE CAIRO BRANCH

USRA Line No. 605

Penn Central



This portion of the Cairo Branch, formerly part of the New York Central RR, extends from *Danville* (Milepost 5.3), to *Paris, Ill.* (Milepost 37.1), a distance of 31.8 miles, in Vermilion and Edgar Counties, Illinois. At Danville, this line connects with a Norfolk & Western Main Line, the Louisville & Nashville to Chicago and Evansville, and the Peoria & Eastern line of the PC, the Norfolk & Western Ry at Ridge Farm, the Baltimore & Ohio RR at Chrisman, and the PC Peoria Secondary Track as well as the PC line from Lenox to Davis at Paris. At Paris, it continues south to Cairo. The continuations from Danville to Chicago and Paris to Cairo, the PC Peoria & Eastern line, and the PC Lenox to Davis line are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 139 and 141).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Lanhoff Grain Co. averages 4,000 carloads per year in

and out of Danville via PC. It was also reported that a new duPont plan may open on this line, but no location was given in the testimony. Illinois Power Co. has a power station at Vermilion Grove which would be left without direct rail service if this line were abandoned. This plant does not receive coal by rail, but does require the use of rail for replacement of its 155-ton turbine generators.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

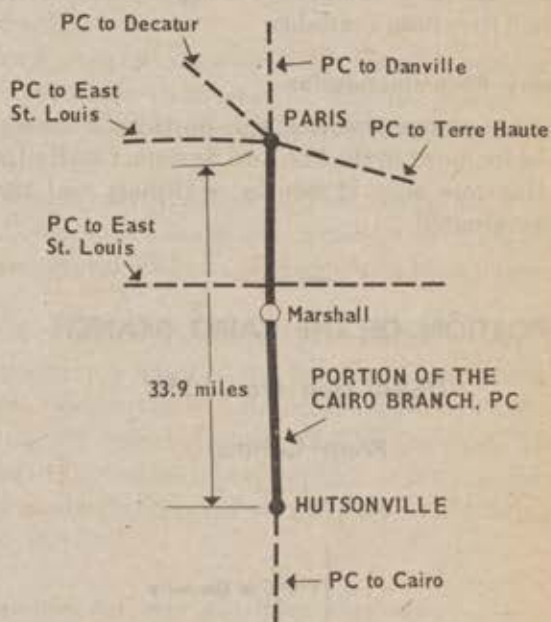
Recommendation

It is recommended that this portion of the Cairo Branch be included in the ConRail System.

PORTION OF THE CAIRO BRANCH

USRA Line No. 605a

Penn Central



This portion of the Cairo Branch, formerly part of the New York Central RR, extends from *Paris* (Milepost 37.1) to *Hutsonville, Ill.* (Milepost 71.0), a distance of 33.9 miles, in Edgar, Clark, and Crawford Counties, Ill. At Paris, the line continues north to Danville and Indiana Harbor, Ind., and at Hutsonville the line continues south to Cairo. Also at Paris, the line connects with the PC Peoria Secondary Track and the PC Lenox-to-Davis line to East St. Louis and Terre Haute. The two connecting lines, the PC Lenox-to-Davis line, and the PC Peoria Secondary Track are also under study in this Report. This line was described

as potentially excess in the U.S. DOT Report (see Zone 139).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Illinois Cereal Mills, Inc. of Paris was particularly concerned with the effect that abandonment of this line would have on the city of Paris. Frank B. Tatara, Traffic Manager for Illinois Cereal Mills, noted that all lines leading into Paris have been designated potentially excess except for a line from Paris southeast to Farrington. His firm generated 10,196 carloads in 1973. Additionally, he reported that his firm would be forced to cease operations if the DOT Report recommendations were implemented.

An evaluation of coal reserves by USRA staff indicates that this line is currently used as a high volume through-route for coal shipments.

Further testimony by Clark Service Co. of Marshall indicated that they would have shipped 100 carloads in 1973 had they been available.

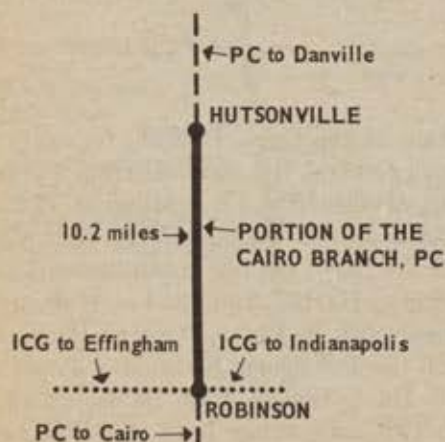
Preliminary Recommendation

It is *not* recommended that this portion of the Cairo Branch be included in the ConRail System. ConRail will utilize this line only if Southern Illinois coal traffic cannot be rerouted.

PORTION OF THE CAIRO BRANCH

USRA Line No. 605b

Penn Central



This portion of the Cairo Branch, formerly part of the New York Central RR, extends from *Hutsonville*

(Milepost 71.0) to *Robinson, Ill.* (Milepost 81.2), a distance of *10.2 miles*, in Crawford County, Ill. At *Hutsonville*, the line continues north to *Danville* and at *Robinson*, south to *Cairo*. A connection is made with the Illinois Central Gulf at *Robinson*. Both continuations are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 141).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hutsonville	2,143
Trimble	11
Robinson ¹	45

Total carloads generated by the line	2,199
Average carloads per week	42.3
Average carloads per mile	215.6
Average carloads per train	7.3
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	1.5
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Central Electric Public Service Company's plant at *Hutsonville* receives over 2,600 carloads per year.

Information for Line Retention Decision

Revenue received by PC	\$368,801
Average revenue per carload	\$168
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	133,755
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	11,220
Cost incurred beyond the branch line	286,600
Total variable (avoidable) cost	431,574
Net contribution (loss): total	(62,913)
Average per carload	(29)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,175 cross-ties (an average of 115 cross-ties per mile).

This line needs major rehabilitation, beyond the estimates shown above.

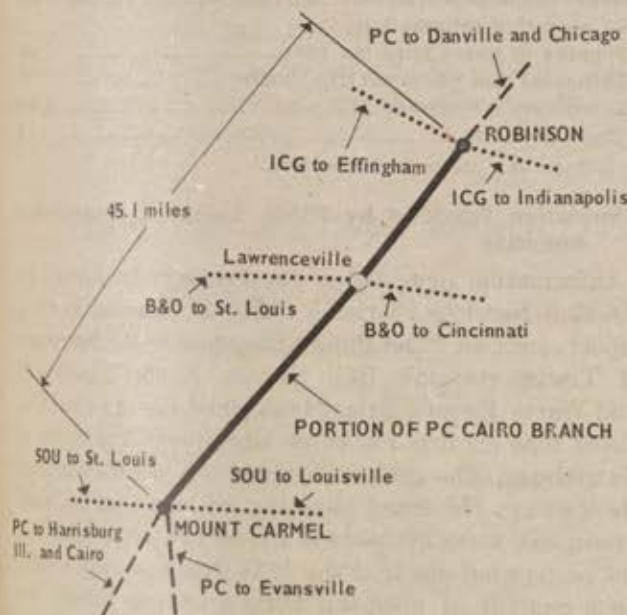
Preliminary Recommendation

It is *not* recommended that this portion of the Cairo Branch be included in the ConRail System. The line will be utilized for through movements only if alternative routes using parallel carriers cannot be arranged.

PORTION OF CAIRO BRANCH

USRA Line No. 606

Penn Central



This portion of the Cairo Branch, formerly part of the New York Central RR, extends from Robinson (Milepost 81.2) to Mount Carmel, Ill. (Milepost 126.3), a distance of 45.1 miles, in Crawford, Lawrence, and Wabash Counties, Ill. At Robinson, this line continues north to Danville and, at Mount Carmel, south to Cairo. Other connections are: the Illinois Central Gulf RR at Robinson; the Baltimore-Ohio RR at Lawrenceville; the Southern Railway at Mount Carmel, and the PC Evansville Secondary Track at Mount Carmel. The continuations of this line as well as the PC Evansville Secondary Track are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 141).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Robinson ¹	1,493
Flat Rock	111
Pinkstaff	16
Lawrenceville	275
Allendale	39
Mt. Carmel ¹	566
Total carloads generated by the line	2,500

Average carloads per week	48.1
Average carloads per mile	55.4
Average carloads per train	8.3
1973 Operating Information:	
Number of round trips per year	300
Estimated time per round trip (hours)	5.5
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Pacific Press & Shear of Mt. Carmel ships about 2,700 tons of steel plate and 1,200 tons of heavy machinery per year. They would be willing to abandon this segment provided the company or the Southern Railway (the plant is located within 1500 feet of the junction of the PC and Southern tracks) would obtain possession of the land and tracks owned by PC between the plant and the Southern tracks. In addition, the company demanded a guaranteed service agreement with Southern.

The Amoco Oil Co. also of Mt. Carmel depends upon rail service for shipments of inbound goods. Should this service be curtailed, the firm would be forced to relocate.

Testimony by William R. Imel, General Chairman, U.T.U. General Committee of Adjustment, stated that this line serves coal mines in southern Indiana and Illinois.

E. W. Pearson, President of the Pacific Press & Shear Company, in a letter to the Interstate Commerce Commission (forwarded to USRA) conveyed much the same information reported at the RSPO hearings. He also indicated that much of his inbound and outbound shipments can be transported via rail only necessitating continued service.

Information for Line Retention Decision

Revenue received by PC	\$726,760
Average revenue per carload	\$291
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	471,305
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	44,448
Cost incurred beyond the branch line	282,172
Total variable (avoidable) cost	797,925
Net contribution (loss): total	(71,165)
Average per carload	(28)

The line requires major rehabilitation. Through traffic will be rerouted if possible and this segment will be isolated. To minimize this proposed service loss, alternate routings for coal destined to the power plant at Robinson will be explored.

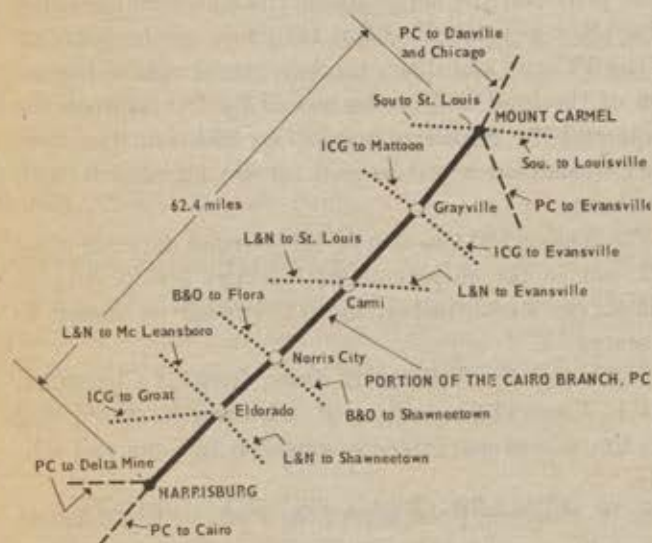
Recommendation

It is *not* recommended that this portion of the Cairo Branch be included in the ConRail System.

PORTION OF THE CAIRO BRANCH

USRA Line No. 606a

Penn Central



This portion of the Cairo Branch extends from Mount Carmel (Milepost 126.3), to Harrisburg, Ill. (Milepost 188.7), a distance of 62.4 miles, in Wabash, Edwards, White, Gallatin, and Saline Counties, Ill. At Mount Carmel, this line continues north to Danville, and at Harrisburg, south to Cairo. In addition, the line connects with the Southern Ry. St. Louis-Louisville Line at Mount Carmel, the Illinois Central Gulf to Mattoon and Evansville at Grayville, the Louisville & Nashville at Carmi and Eldorado, the Baltimore & Ohio Shawneetown Branch at Norris City, the PC Saline Valley Branch at Harrisburg, and the PC Evansville Secondary Track at Mt. Carmel. Another connection is also made with the Illinois Central Gulf at Eldorado. The line's continuations at Mount Carmel and Harrisburg are also under study in this Report as is the PC Saline Valley Branch and Evansville Secondary Track. This line (except for the portion from Eldorado) was described as potentially excess in the U.S. DOT Report (see Zones 141 and 146).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Keensburg	67
Grayville	129
Crossville	66
Carmi	147
Norris City	1
Eldorado	1,745
Mt. Carmel ¹	135

Total carloads generated by the line	2,290
Average carloads per week	44.0
Average carloads per mile	36.7
Average carloads per train	7.6
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Harry Eggert, Sales Manager of Sahara Coal Co., stated that his firm has three bituminous coal mines at Harrisburg. The coal is destined for points north of Harrisburg. He noted that the Illinois Central Gulf would still serve his mine if PC service were curtailed, but he pointed out that the ICG does not have a sufficient amount of open-top hopper cars to satisfy his firm's needs. Consequently, the firm may be forced to cut back production resulting in employee layoffs.

Additional testimony provided by the Peabody Coal Co. indicated that if service were curtailed the firm would be unable to supply the Central Illinois Public Service Co. facility, at Hutsonville.

Additionally, Sugar Creek Produce in Harrisburg reported shipment of 40 carloads in 1973 and Lemont Fertilizer Co. of Crossville shipped 850 carloads in 1973.

An evaluation of coal reserves by USRA staff indicates that this line is currently used as a high volume through-route for coal shipments.

Information for Line Retention Decision

Revenue received by PC	\$458,607
Average revenue per carload	\$200
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	737,601
Cost of upgrading branch line to FRA Class I: 1/10 of total upgrading cost	62,688
Cost incurred beyond the branch line	297,532
Total variable (avoidable) cost	1,097,841
Net contribution (loss): total	(639,234)
Average per carload	(279)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,600 crossties (an average of 90 crossties per mile).

There are major coal reserves on the south end of this segment. The line, however, requires major rehabilitation and therefore efforts will be made to reroute traffic.

Preliminary Recommendation

It is *not* recommended that this portion of the Cairo Branch be included in the ConRail System *except* between Mt. Carmel and Eldorado. ConRail should operate this segment as a through segment only if unable to reroute through coal traffic.

PORTION OF THE CAIRO BRANCH

USRA Line No. 607



This portion of the Cairo Branch, formerly part of the New York Central RR, extends from Harrisburg (Milepost 188.7) to Olmsted, Ill. (Milepost 244.8), a distance of 56.1 miles, in Saline, Williamson, Johnson, Massac, and Pulaski Counties, Ill. At Harrisburg, this line continues north to Danville, and at Olmsted, south to Cairo. The line also connects with the PC Saline Valley Branch at Harrisburg, the Illinois Central Gulf to Edgewood just north of Stonefort, the Burlington Northern at Forman; and the Chicago-Eastern Illinois RR at Karnak. The continuations at Harrisburg and Olmsted, and the PC Saline Valley Branch are also under study in this Report. This line except for the portion from Harrisburg to Stonefort was described as potentially excess in the U.S. DOT Report (see Zone 146).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ledford	398
Stonefort	7,518
New Burnside	16
Tunnel Hill	2
Vienna	30
Belknap	6
Karnak	4
Grand Chain	8
Harrisburg ¹	83

Total carloads generated by the line	8,065
Average carloads per week	155.1
Average carloads per mile	143.8
Average carloads per train	80.7
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	9.0
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that The Electric Energy Corporation expressed strong opposition to the abandonment of this line. They have been supplying 50 percent of the electric energy used in gaseous diffusion by the Atomic Energy Commission.

Information for Line Retention Decision

Revenue received by PC	\$1,532,224
Average revenue per carload	\$190
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	654,866
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	47,620
Cost incurred beyond the branch line	985,111
Total variable (avoidable) cost	1,660,997
Net contribution (loss): Total	(128,773)
Average per carload	(15)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,960 crossties (an average of 88 crossties per mile).

Although service to the entire line generates a loss, a 105-percent growth in traffic or an 8-percent rate increase would make this portion of the line financially self sufficient.

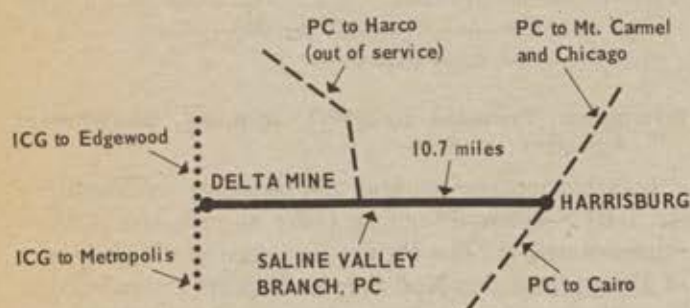
Recommendation

It is recommended that this portion of the Cairo Branch be included in the ConRail System. Because of the poor condition of much of the track from Paris, Ill. south, trackage rights for the alternative movement of through traffic will be explored.

SALINE VALLEY BRANCH

USRA Line No. 607b

Penn Central



The Saline Valley Branch, formerly part of the New York Central RR, extends from Harrisburg (Milepost 0.0), to Delta Mine, Ill. (Milepost 10.7), a distance of 10.7 miles, in Saline County, Illinois. At Harrisburg, this line connects with the PC's Cairo Branch, which is also under study in this Report. It connects midway with PC's Harco Branch which has not been used for a number of years other than for car storage. It, too, is under study in this Report. Delta Mine is also served by Illinois Central Gulf. This line was not described as potentially excess in the U.S. DOT Report (see Zone 146).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Delta Mine	1
Harrisburg ¹	19,248
Total carloads generated by the line	19,249
Average carloads per week	370.2
Average carloads per mile	1,815.8
Average carloads per train	38.5
1973 operating information:	
Number of round trips per year	500
Estimated time per round trip (hours)	4.0
Locomotive horsepower	4,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$3,822,730
Average revenue per carload	\$199
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	446,444
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	15,743
Cost incurred beyond the branch line	2,351,358
Total variable (avoidable) cost	2,813,545
Net contribution (loss): total	1,009,187
Average per carload	52

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,200 crossties (an average of 206 crossties per mile).

An evaluation of coal reserves by USRA staff indicates that there are active loading facilities on this line and traffic is expected to increase.

Recommendation

It is recommended that the Saline Valley Branch be included in the ConRail System. Because of the poor condition of much of the track from Paris, Ill. south, trackage rights for the alternative movement of through traffic will be explored.

PORTION OF PEORIA SECONDARY TRACK

USRA Line No. 609

Penn Central



This portion of the Peoria Secondary Track, formerly part of the Pennsylvania RR, extends from *Paris* (Milepost 21.3) to *Decatur, Ill.* (Milepost 92.2), a distance of 70.9 miles, in Edgar, Coles, Douglas, Moultrie, and Macon Counties, Illinois. At Decatur, this line continues to Peoria. Connections are: at Paris, the Cairo Branch and the Lenox-to-Davis Line, both PC; the Norfolk & Western Ry's Frankfort-St. Louis line at Oakland, the Illinois Central Gulf to Chicago and Cairo at Arcola, the C&EI to Chicago and Chaffee, the Norfolk & Western to Bement and Sullivan at Lovington, the Chicago & Eastern Illinois at Arthur, and the Illinois Central Gulf to Mattoon at Hervey City. From Hervey City to Maroa, the PC operates via trackage rights over the Illinois Central Gulf. Additionally, at Decatur, this line connects with the Norfolk & Western to Chicago, Ft. Wayne and St. Louis; Illinois Central Gulf lines to Freeport, Urbana and Centralia and Lincoln, the Baltimore & Ohio to Springfield and Indianapolis and the Illinois Terminal RR and the Norfolk & Western to Springfield. The PC Cairo Branch, the PC Lenox-to-Davis line and the continuation at Decatur are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 141 and 142).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Redmon	13
Borton	26
Oakland	63
Mindsboro	74
Kemp	80
Filson	1
Arcola	1
Chesterville	1
Arthur	166
Fairbanks	47
Lovington	294
Lake City	172
Prairie Hall	148
Mount Zion	0
Turpin	1

Total carloads generated by the line	1,087
Average carloads per week	20.9
Average carloads per mile	15.3
Average carloads per train	4.4
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	8.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Farmers Cooperative Grain Company shipped 113 carloads of corn in 1972 and 157 carloads in 1973. In 1974, the company expected to ship 180 carloads. The Haplace Cooperative Grain Company ships 526 carloads of grain and beans per year over this line. Additionally, the Moultrie Grain Association generated 286 carloads in 1973, and the firms projected 1974 shipments totaled 450 carloads. Testimony submitted by Frank B. Tatera, Traffic Manager, Illinois Cereal Mills, Inc. (this firm received the equivalent of 604 carloads from stations on this line in 1973) recommends a review of all lines in and out of Paris.

Information for Line Retention Decision

Revenue received by PC	\$243,028
Average revenue per carload	\$224
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	609,848
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)	91,360
Cost incurred beyond the branch line	126,699
Total variable (avoidable) cost	827,907
Net contribution (loss): Total	(584,879)
Average per carload	(538)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 12,000 crossties (an average of 189 crossties per mile).

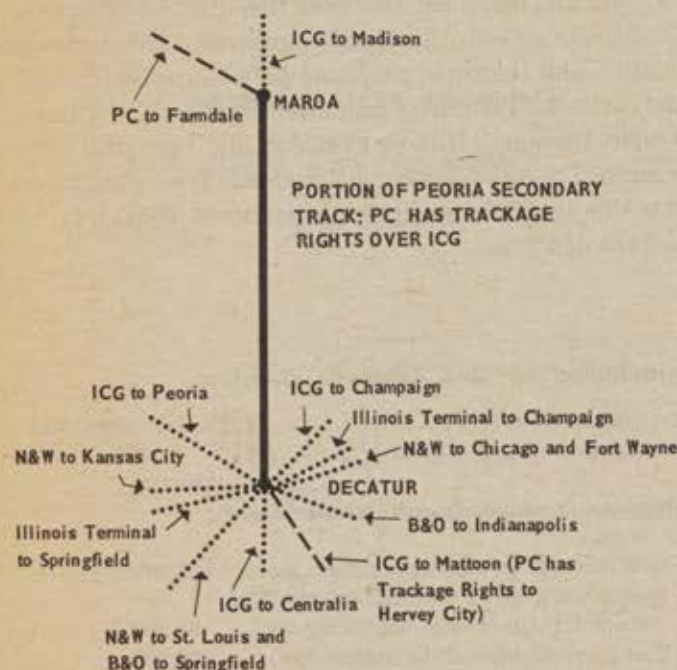
Preliminary Recommendation

It is *not* recommended that this portion of the Peoria Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$584,879 or \$538 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 240 percent rate increase over the 1973 levels. It is expected that all present PC traffic at Decatur (5,155 in 1973) will be handled by other carriers.

PORTION OF PEORIA SECONDARY TRACK

USRA Line No. 610/610a

Penn Central



PC trackage rights over this portion of the ICG extends from *Decatur* (Milepost 95.5), to *Maroa, Ill.* (Milepost 107.5), a distance of 12.0 miles, in Macon County, Ill. At Decatur the line continues southeast to Paris and, at Maroa, the line continues northwest to Peoria. This section of track is owned by the Illinois Central Gulf and PC operates via trackage rights. From Maroa, the Illinois Central Gulf continues to Freeport. Also at Decatur the line connects with the Norfolk & Western to St. Louis, Chicago and Fort Wayne; the Illinois Central Gulf lines to Freeport, Urbana, Centralia and Lincoln; the Baltimore & Ohio to Springfield and Indianapolis; the Illinois Terminal RR; and the Norfolk & Western to Springfield. The northwest PC line from Maroa is also under study in this report. Abandonment application filed by Illinois Central Gulf, January 16, 1973, Docket No. AB-5, Sub. 156; with USRA, Docket No. 75-61, for most of the line. This line, from Decatur to just north of Corsyth, was described as potentially excess in the U.S. DOT Report (see Zone 142).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

These trackage rights over the ICG are used to serve USRA Segment No. 611. The preliminary recommendation for Segment 611 is that it not be included in the ConRail System.

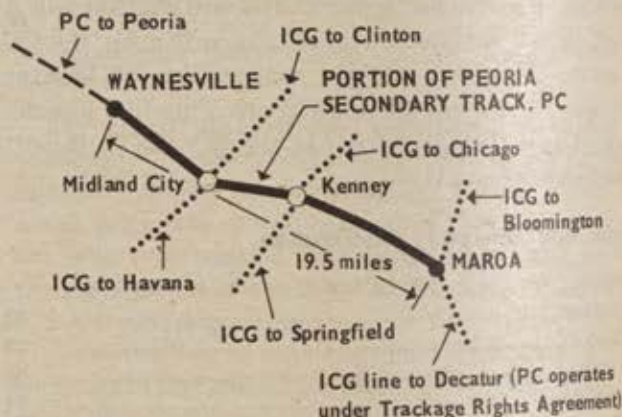
Preliminary Recommendation

It is *not* recommended that the trackage rights over this portion of the ICG be included in the ConRail System.

PORTION OF PEORIA SECONDARY TRACK

USRA Line No. 611

Penn Central



This portion of the Peoria Secondary Track, formerly part of the Pennsylvania RR, extends from *Maroa* (Milepost 107.5), to *Waynesville, Ill.* (Milepost 127.0), a distance of 19.5 miles, in Macon and Dewitt Counties, Illinois. At Maroa, the line continues southeast to Paris, and at Waynesville it continues northwest to Peoria. This line connects with Illinois Central Gulf lines at Kenney and Midland City. The portion beyond Maroa is owned by the Illinois Central Gulf: PC operates under a trackage rights agreement. The continuations are also under study in this Report. An abandonment application was filed before the Interstate Commerce Commission Docket No. AB-5 Sub. 156, and with USRA, Docket No. 75-61. This line was described as potentially excess in the U.S. DOT Report (see Zones 142 and 143).

Traffic and Operating Information

Stations (with their 1973 caloads) served by this line:		
Maroa	-----	15
Rowell	-----	1
Kenney	-----	3
Midland City	-----	16

Tabor	356
Waynesville	183
Total carloads generated by the line	574
Average carloads per week	11.0
Average carloads per mile	29.4
Average carloads per train	3.8
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	10
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Dewitt County Cooperative Grain Company which generates 1,165 carloads annually from Waynesville and Tabor would suffer from curtailment of service over this line.

Information for Line Retention Decision

Revenue received by PC	\$124,945
Average revenue per carload	\$218
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	211,973
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost) ..	46,447
Cost incurred beyond the branch line	60,568
Total variable (avoidable) cost	318,988
Net contribution (loss) total	(194,043)
Average per carload	(338)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 9,736 crossties (an average of 499 crossties per mile).

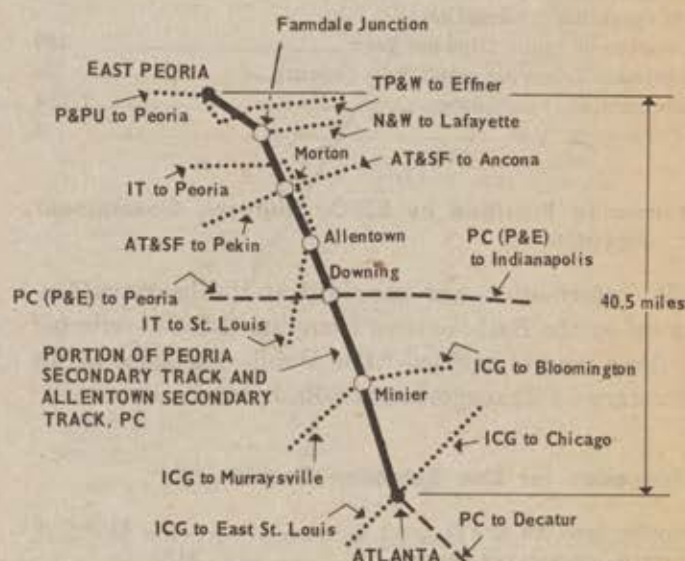
Preliminary Recommendation

It is not recommended that this portion of the Peoria Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$194,043 or \$338 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 155 percent rate increase over the 1973 levels.

PORTION OF PEORIA SECONDARY TRACK AND ALLENTOWN SECONDARY TRACK

Penn Central

USRA Line No. 611b



This portion of the Peoria Secondary Track and the entire Allentown Secondary Track, formerly part of the Pennsylvania RR, extends from Atlanta (Milepost 131.6) to East Peoria, Ill. (Milepost 172.1), a distance of 40.5 miles, in Logan, Tazewell, and Peoria Counties, Ill. At Atlanta this line continues southeast to Paris, and it also connects to the Illinois Central Gulf line to Chicago. Other connections include: The Illinois Central Gulf to Chicago at Minier, the PC Peoria & Eastern to Peoria at Downing, the Illinois Terminal to Peoria at Allentown, the Santa Fe to Chicago at Morton, the Norfolk & Western and the Toledo Peoria & Western (both to Peoria) at Farmdale, and the Peoria & Pekin Union at East Peoria. The PC Peoria & Eastern line, as well as the continued portion from Atlanta, are also under study in this Report. Furthermore, the Illinois Terminal maintains the line from Milepost 162.5 to 167.8 and from Milepost 167.8 to 172.1. PC operates via trackage rights granted by the Norfolk & Western between Farmdale Jct. and P. & P.U. Jct. PC has filed for abandonment (1-16-73 Docket No. AB-5-156) of their trackage rights on this portion of the line owned by the Norfolk & Western. This line was described as potentially excess in the U.S. DOT Report (see Zones 137 and 143).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this

line:

Mt. Joy	1
Armington	74

Hittle	0
Minier	0
Tazewell	17
Morton	556

Total carloads generated by the line	648
Average carloads per week	12.5
Average carloads per mile	2.1
Average carloads per train	5.4
1973 operating information:	
Number of round trips per year	120
Estimated time per round trip (hours)	12
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$113,738
Average revenue per carload	\$176
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	284,929
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	75,464
Cost incurred beyond the branch line	56,134
Total variable (avoidable) cost	416,527
Net contribution (loss): Total	(302,789)
Average per carload	(467)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 15,429 crossties (an average of 499 crossties per mile).

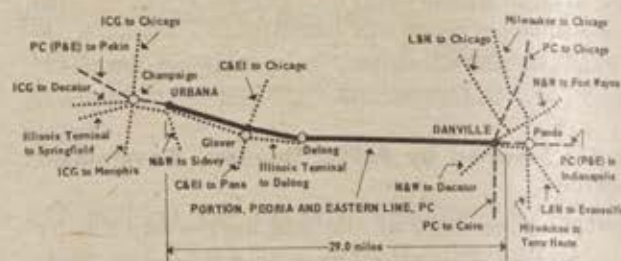
Preliminary Recommendation

It is not recommended that the Peoria Secondary Track and the Allentown Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$302,789 or \$467 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 265 per cent rate increase over the 1973 levels.

PORTION OF PEORIA AND EASTERN LINE

Penn Central

USRA Line No. 617



This portion of the Peoria & Eastern line, formerly part of the New York Central RR, extends from Danville (Milepost 86.0) to Urbana, Ill. (Milepost 115.0), a distance of 29.0 miles, in Vermilion and Champaign counties, Illinois. A continuation of this line extends westward from Urbana to Champaign and Bloomington and eastward from Danville to Indianapolis. This line connects with an N&W Branch at Urbana, the C&EI Railroad at Glover and PC to Cairo and Chicago, the L&N Chicago-Evansville line and the N&W Fort Wayne-St. Louis line, all at Danville. The Milwaukee Road also serves Danville, as does a branch of the Chicago & Eastern Illinois. The Illinois Terminal RR parallels this line from near Glover to Urbana. All connecting PC lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 139 and 140).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Danville ¹	3,500
Hillery	3
Oakwood	1
Munice	9
Fithian	0
Ogden	27
Glover	0
St. Joseph	21
Mayview	0

Total carloads generated by the line	3,561
Average carloads per week	68.5
Average carloads per mile	122.8
Average carloads per train	11.9
1973 Operating Information:	
Number of round trips per year	300
Estimated time per round trip (hours)	10
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Webb Lumber and Wilson-Richter, Inc. both ship on this line from Ogden. The former firm stated that shipping costs would substantially increase if they are forced to switch to another mode of transportation. The results of this increase may force the firm to close causing 27 people to lose their jobs. The latter firm, which ships fertilizer, reportedly will go out of business if rail service is curtailed.

Testimony by William R. Imiel, General Chairman, U.T.U. General Committee of Adjustment, indicates that the Anderson Elevator, located in the Champaign-Urbana area shipped over 150 100-car unit trains of grain over this line in 1973. His group is opposed to abandonment because of the economic chaos that would result and the retardation of any potential industrial expansion.

Information for Line Retention Decision

Revenue received by PC	\$1,131,968
Average revenue per carload	\$318
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	415,625
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	688,321
Total variable (avoidable) cost	1,103,946
Net contribution (loss): total	28,022
Average per carload	8

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

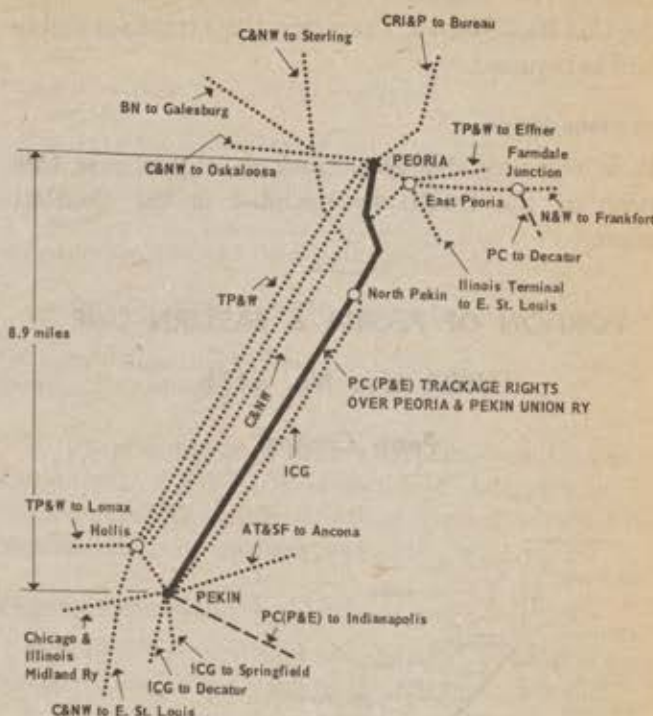
It is recommended that this portion of the Peoria & Eastern be included in the ConRail System.

TRACKAGE RIGHTS ON PEORIA & PEKIN UNION

USRA Line No. 617a

Penn Central

The P&E has trackage rights on the Peoria & Pekin Union, between *Pekin* (Milepost 0.0), to *E. Peoria, Ill.*



(Milepost 8.9), a distance of 8.9 miles, in Tazewell and Peoria Counties, Illinois. PC operates over this line via trackage rights. At Pekin, this line connects with the PC Peoria-Eastern line to Danville, the Chicago & Illinois Midland to Springfield; the Illinois Central Gulf to Springfield and Decatur; the Atchison Topeka & Santa Fe to Chicago, and the Peoria Terminal Railway. In addition, this line connects with the Illinois Terminal to Lincoln; the Toledo Peoria & Western to Watseka and the Norfolk & Western to Bloomington (upon which the PC's Peoria Secondary Track is extended to Peoria via trackage rights) at East Peoria. The PC Peoria and Eastern line and the PC Peoria Secondary Track are also under study in this Report. Additionally, at Peoria, the line connects with a number of railroads. This line was not described as potentially excess in the U.S. DOT Report (see Zone 137).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" recognized Peoria as a major gateway and should PC service be curtailed, other railroads will continue to serve the area.

Information for Line Retention Decision

These trackage rights over the P&PU are used to serve USRA Segment No. 617c. The preliminary recom-

mendment for Segment 617c is that it be included in the Con Rail System. Therefore, these trackage rights would be required.

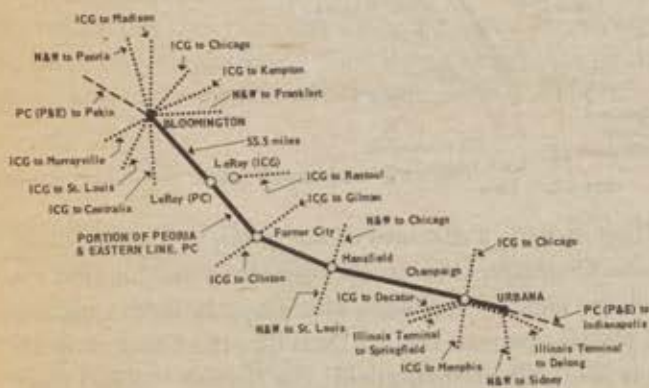
Recommendation

It is recommended that trackage rights over this portion of the P&PU be included in the ConRail System.

PORTION OF PEORIA & EASTERN LINE

USRA Line No. 617b

Penn Central



This portion of the Peoria & Eastern Line, formerly part of the New York Central RR, extends from Urbana (Milepost 115.0) to Bloomington, Ill. (Milepost 170.5), a distance of 55.5 miles, in McLean, DeWitt, Platt and Champaign Counties, Ill. A continuation of this line extends westward from Bloomington to Peoria and eastward from Urbana to Danville, both of which are under study in this Report. At Bloomington this line connects with the N&W to Peoria, the ICG to Freeport and the ICG to Chicago. This line also connects with the ICG Main Line at LeRoy, the ICG to Chicago at Farmer City and with the N&W Line to Chicago at Mansfield. At Urbana, this line also connects with the ICG & Decatur-Chicago line and the N&W Main Line. This line was described as potentially excess in the US DOT Report (see Zones 140, 141, 143 and 138).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Urbana	489
Champaign	5,466
Rising	28
Mahomet	62
Mansfield	33
Harris	154

Farmer City	1,066
Watkins	33
Empire	2
LeRoy	27
Gillum	0
Bloomington	1,349
Downs	5

Total carloads generated by the line	8,714
Average carloads per week	167.6
Average carloads per mile	157.0
Average carloads per train	31.1
1973 operating information:	
Number of round trips per year	280
Estimated time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Champaign County Regional Planning Council recommended that the P&E be included in ConRail. The Supervisor of Mahomet Township testified that the 11 carloads of grain shipped from Mahomet in 1973 could have been 330 if the cars had been available. Tabro & Company generated 121 carloads in 1973 and expected to generate 96 carloads in 1974.

Information for Line Retention Decision

Revenue received by PC	\$3,975,144
Average revenue per carload	\$456
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	779,102
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,090,527
Total variable (avoidable) cost	3,869,629
Net contribution (loss): total	105,515
Average per carload	12

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that this portion of the Peoria & Eastern Line be included in the ConRail System.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Moore Business Forms of Charleston shipped 133 carloads of paper products in 1973. Moore's shipping costs would escalate \$118,570 per year if this line was abandoned. Charles Kirchner & Sons generated 30 carloads of lumber in 1972 at Kansas, Illinois. They had 77 carloads in 1973 and were projecting 200 carloads in the future. The Ashmore Grain Co. was projecting 200 to 250 carloads in future years.

USRA has received correspondence from the Charleston Area Chamber of Commerce in December stating that USRA has ignored the voices of industry and agriculture which were raised at the Hearings in early 1974. The Chamber's letter listed those firms along the Penn Central line which are dependant on rail service. The letter asserted that the jobs of 2,100 people are dependent on continued rail service. The letter stated that local industry and agriculture should not be forced to bear the cost of government-sanctioned penalties for bad management of the railroads.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

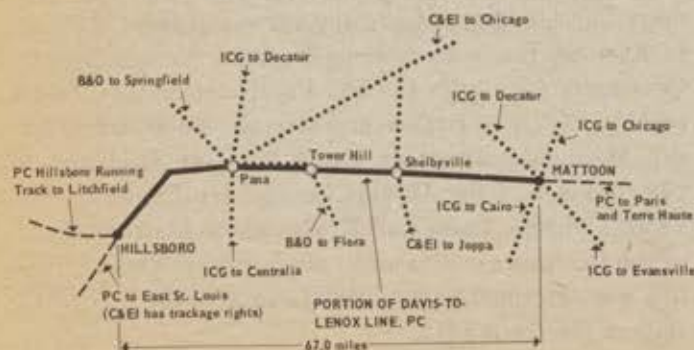
Recommendation

It is recommended that this portion of the Davis to Lenox line be included in the ConRail System.

PORTION OF THE DAVIS TO LENOX LINE

USRA Line No. 618b

Penn Central



This portion of the Davis to Lenox Line, formerly part of the New York Central RR, extends from Mattoon (Milepost 127.0), to Hillsboro, Ill. (Milepost 194.0) a distance of 67.0 miles, in Coles, Moultrie, Shelby, Christian, and Montgomery Counties, Illinois. Continuations of this line extend eastward from Mattoon to Terre Haute and westward from Hillsboro to East St. Louis, which are also under study in this Report. Connections are: the Illinois Central Gulf lines to Chicago, to Decatur, Cairo and Evansville at Mattoon; the Chicago & Eastern Illinois RR to Chicago and Jopka at Shelbyville; the Baltimore & Ohio to Springfield and Flora at Tower Hill and Pana; the Illinois Central Gulf to Decatur and Centralia and the Chicago & Eastern Illinois to Chicago at Pana; and the PC Hillsboro Running Track at Hillsboro. The PC Hillsboro Running Track is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 141 and 145.)

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Massey-Ferguson of Shelbyville uses this line because it has no siding on the C & EI. The firm projects 16 to 21 cars. Crest Container Corp. has recently invested \$34,000 in a new siding at Shelbyville after being assured by PC that the line would not be abandoned. Crest Container Corp. projected 2,000 cars of new business per year. Continental Can Co. has already invested \$4 million in a new \$10 million facility at Shelbyville. Continental Can expects to generate 2,300 carloads in their first year. Neal-Cooper Grain Co. shipped 175 carloads at Windsor in 1972, and 308 carloads in 1973. USRA has received correspondence from Mr. Bob James of Inland Supply Co., who registered his statement as being totally opposed to this abandonment even though his firm ships very little of their material by rail.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Davis to Lenox be included in the ConRail System.

PORTION OF THE DAVIS-TO-LENOX LINE

USRA Line No. 679

Penn Central



This portion of the Davis-to-Lenox Line, formerly part of the New York Central RR, extends from *Hillsboro* (Milepost 194.0) to *E. St. Louis, Ill.* (Milepost 237.7), a distance of 43.7 miles, in Montgomery, Madison and St. Clair Counties, Illinois. At Hillsboro, this line continues east to Terre Haute and it also connects with the PC Hillsboro Running Track. It crosses the Burlington Northern to Paducah approximately seven miles southeast of Hillsboro; the Norfolk & Western Main Line to East St. Louis and the Chicago and Northwestern to East St. Louis cross at Worden; connections

at Lenox include PC's East Alton Branch (joint with ICG). The PC Hillsboro Running Track is also under study. This line was described as potentially excess in the U.S. DOT Report. (See Zones 145 and 323).

Information Provided by RSPO, Shippers, Government Agencies

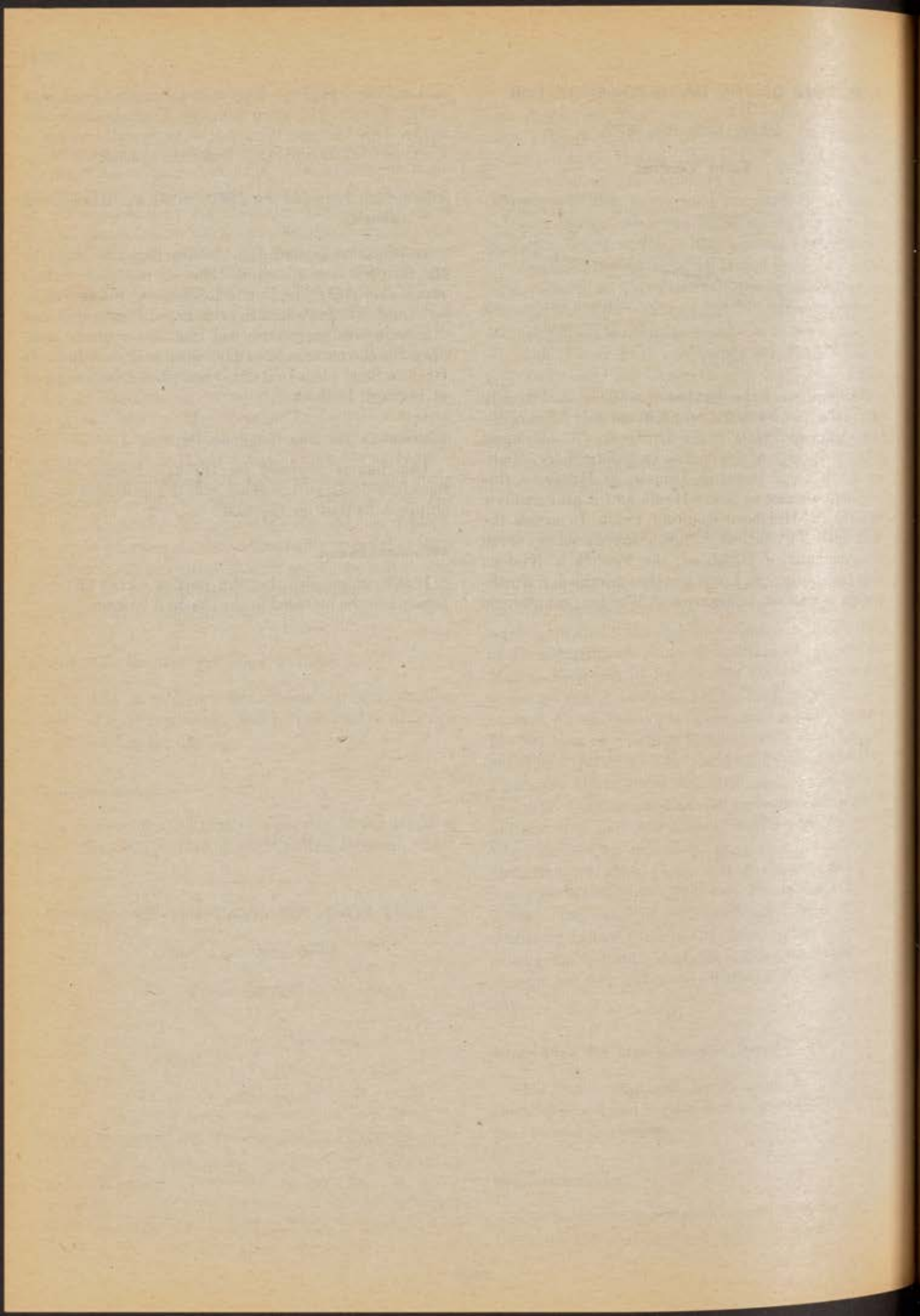
Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that National Steel was concerned that this route be kept open for the movement of hot rolled coil steel from its Granite Steel plant to its Midwest Steel Division plant at Portage, Indiana.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Davis-to-Lenox Line be included in the ConRail System.



INDIANA

Intrastate

PC

USRA line number	Terminals
399	Goshen to Shipshewana
414	Hartsdale to East Gary
417/417a	Auburn Junction to Waterloo
418	Kendallville to State Line
419	North Manchester to Mexico
420	North Manchester to Columbia City
423	Logansport to Culver
428	Adams to Decatur
429	Decatur to Ridgeville
521	New Castle to Richmond
522	New Castle to Anderson
523	Anderson to Elwood
524	Elwood to Kokomo
526	Richmond to Lynn
527	Lynn to Ridgeville
565	Ben Davis to Greencastle
566	Greencastle to Brazil
566a	Brazil to Terre Haute
571	Cedar Grove to Brookville
573	Beeson to Connersville
574/574a	Lebanon to Brant
575	Lebanon to Lafayette
576	Lafayette to Templeton (N&W Trackage Rights)
577	Templeton to Sheff
578	Emporia to Knightstown
579a	Knightstown to Carthage
582	Columbus to Flat Rock
584	Fenns to Shelbyville
585/586/587	Shelbyville to North Rushville
588a	Madison Secondary Track at Columbus
589	North Vernon to North Madison
590	North Madison to Madison
591	Cory to Worthington
593	Martinsville to Rincon Junction
593a	Rincon Junction to Thomas
593b	Thomas to Buckskin
594/594a	Buckskin to Evansville
595	Buckskin to Lynnville
596	Duff Junction to Washington
597	Rincon to Sandborn
598	Sandborn to Bicknell
602	Waveland to Crawfordsville
619	Franklin to Columbus
621	Jeffersonville to Watson
621b	Jeffersonville to New Albany
622/623	Lebanon to Fisherburg
630	Effner to Kenneth
633	Richmond to Indianapolis
634	Lebanon to Clermont
690a	North Judson to Hartsdale

USRA
line number

Terminals

700	Columbia City Secondary Track at North Manchester
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Interstate

PC

Indiana to Illinois

577a	Sheff, Ind. to Kankakee, Ill.
604	Highlands, Ind. to Danville, Ill.
612	Skelton, Ind. to Mt. Carmel, Ill.
616	Clermont, Ind. to Danville, Ill.
618	Terre Haute, Ind. to Paris, Ill.

Indiana to Ohio

520a	Richmond, Ind. to Eaton, Ohio.
554	Hunter, Ind. to Glen Karn, Ohio
571a	Valley Junction, Ind. to Cedar Grove, Ohio.
638	Richmond, Ind. to New Paris, Ohio

Indiana to Michigan

401	South of Angola, Ind. to Montgomery, Mich.
467	Michigan City, Ind. to Buchanan, Mich.
637	South Bend, Ind. to Niles, Mich.

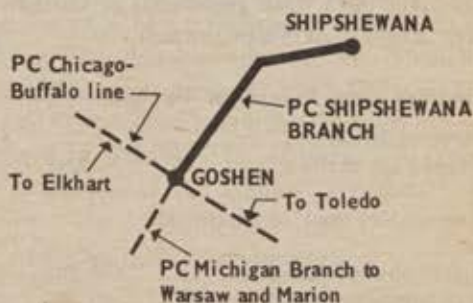
Indiana to Kentucky

620/620a/620b	Columbus, Ind. to Louisville, Ky.
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SHIPSHEWANA BRANCH

USRA Line No. 399

Penn Central



The Shipshewana Branch, formerly part of the New York Central RR, extends from *Goshen* (Milepost 0.2), to *Shipshewana, Ind.* (Milepost 16.7) a distance of 16.5 miles, in Elkhart and LaGrange Counties, Indiana. This line connects at Goshen with the Penn Central's

Logansport and Danville cross, the latter also being under study in this Report. This line was not described as potentially excess in the U. S. DOT Report (see Zone 130).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Liverpool	3
Ross	8
South Gary	12
Griffith	11
East Gary ¹	180
Gary ¹	2

Total carloads generated by the line	216
Average carloads per week	4.2
Average carloads per mile	16.9
Average carloads per train	4.2

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Governor's Rail Task Force recommended abandonment of this line.

Information for Line Retention Decision

Revenue received by PC	\$39,624
Average revenue per carload	\$183
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	98,566
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	24,084
Total variable (cost avoidable)	122,650
Net contribution (loss): total	(83,026)
Average per carload	(384)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although service to the entire line generates a loss, service to the line from Milepost 0.0 to Milepost 0.6 (serving some shippers at Gary and East Gary who generated 182 carloads in 1973) would generate \$30,637 in revenue and \$33,693 in costs with a resulting loss of only \$3,056 or \$17 per carload. A 30 percent growth in traffic or a 10 percent rate increase would make this portion of the line financially self sufficient.

Recommendation

It is recommended that this portion of the Joliet Branch from Milepost 0.0 to Milepost 0.6 be included in the ConRail System.

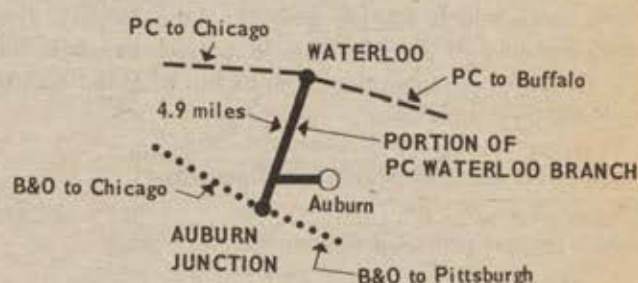
Preliminary Recommendation

It is *not* recommended that this portion of the Joliet Branch from Milepost 0.6 to 12.8 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$79,970 or \$2,352 per carload. Recovery of costs would require approximately a 16-fold increase in traffic or an 890 percent rate increase over the 1973 levels.

PORTION OF WATERLOO BRANCH

USRA Line No. 417/417a

Penn Central



This portion of the Waterloo Branch, formerly part of the New York Central RR, extends from Auburn Junction (Milepost 20.1) to Waterloo, Ind. (Milepost 25.0), a distance of 4.9 miles, in De Kalb County, Indiana. This line has two parts; the Waterloo-Auburn Junction link connecting the PC's Chicago-Buffalo line to the B&O Chicago-Pittsburgh line and the smaller line from Auburn Junction to Auburn. This line was not shown in the U.S. DOT Report (see Zone 115).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Auburn ¹	269
Auburn Junction	1

Total carloads generated by the line	270
Average carloads per week	5.2
Average carloads per mile	49.1
Average carloads per train	3.6

1973 operating information:

Number of round trips per year.....	75
Estimated time per round trip (hours).....	5
Locomotive horsepower.....	1,500
Train crew size.....	4

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Cooper Tire and Rubber Company reported that Cooper Industrial Products, Inc. would face increased production costs if it lost rail service. The impact that this additional cost would have on Cooper's competitive position would be quite serious. Auburn Foundry, Inc. stated that it would be impossible to receive inbound shipments of bentonite clay, lignite, and coke and heat resistant linings via motor carriers. Total estimated shipments in 1973 totaled 884 carloads and firms anticipate increased rail use in the future.

The Governor's Rail Task Force reported that PC received \$61,395 in gross freight revenues from the line, paid \$18,785 in branch costs hence their estimated profit was \$42,610. The Task Force also estimated the rehabilitation costs which totaled \$67,639. Additionally, they noted the loss of 15 jobs should service be curtailed. The Task Force recommends inclusion of this line into the Final System Plan.

Information for Line Retention Decision

Revenue received by PC.....	\$54,873
Average revenue per carload.....	\$203
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	69,666
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	12,327
Cost incurred beyond the branch line.....	35,896
Total variable (avoidable) cost.....	117,889
Net contribution (loss): total.....	(63,016)
Average per carload.....	(233)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1974 crossties (an average of 359 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Waterloo Branch be included in the ConRail System. Con-

tinued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$63,016 or \$233 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 115 percent rate increase over the 1973 levels.

PORTION OF GR&I BRANCH

USRA Line No. 418



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from Kendallville (Milepost 121.0) to the Michigan State line (Milepost 146.4), a distance of 25.4 miles, in Noble and LaGrange Counties, Indiana. This line is part of the Penn Central's GR&I Branch which continues south to Fort Wayne and north to Nottawa. At Kendallville, the PC's Elkhart-Toledo line crosses and at Wolcottville, the Norfolk and Western Ry. connects with this line. Penn Central has filed petitions to abandon this line: ICC Docket No. AB-5, Sub. 1&2, USRA Docket No. 75-58. This line was described as potentially excess in the U.S. DOT Report (see Zone 115).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Wolcottville	34
LaGrange	342
Howe	57
Total carloads generated by the line.....	433
Average carloads per week.....	8.3
Average carloads per mile.....	17.1
Average carloads per train.....	1.7
1973 operating information:	
Number of round trips per year.....	250
Estimated time per round trip (hours).....	8.0
Locomotive horsepower.....	1,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that a majority of the shippers submitting testimony are located at either Kendallville, Ind., or Sturgis, Michigan. Firms located between Kendallville and the State line are found in Wolcottville, LaGrange, and Howe. The Wolcottville Grain Co. stated that they generated 40 carloads in 1973. Six firms from the LaGrange area submitted data. Duo-therm showed 365 carloads of air conditioning and auto heating parts in 1972, and 271 carloads in 1973. LaGrange Farm Bureau, Home Grain, Lampbright Hatchery and Ohio Table Pool generated a total of 98 cars in 1973. The Reith Reilly Construction Co. projected 500 carloads, but did not specify when this business would begin. Service at Wolcottville is provided also by the N&W. The Brighton Mushroom Co. and Northern Cashway Lumber of Howe collectively generated 56 carloads in 1973.

The State of Indiana in its report: *USRA SEGMENTS IN INDIANA: State Analysis and Recommendations* reached a conclusion that this line in its entirety between Kendallville and the State line was profitable by \$510 per mile or \$13,269 (total segment). Estimated rehabilitation costs were estimated to be \$530,000. Indiana credited this branch with 1,607 total cars at Kendallville, 0 at Wolcottville, 343 at LaGrange, and 58 at Howe. Letters objecting to the 304(f) abandonment proceedings concentrated on disruption of business at LaGrange, Indiana.

Information for Line Retention Decision

Revenue received by PC.....	\$105,842
Average revenue per carload.....	\$244
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	290,757
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	43,530
Cost incurred beyond the branch line.....	61,969
Total variable (avoidable) cost.....	396,256
Net contribution (loss) total.....	(290,414)
Average per carload.....	(671)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I Track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,500 crossties (an average of 256 crossties per mile).

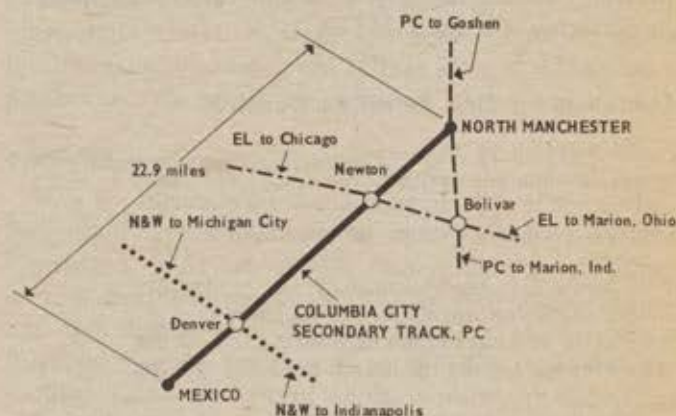
Preliminary Recommendation

It is *not* recommended that this portion of the GR&I Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$290,414 or \$671 per carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 275 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

COLUMBIA CITY SECONDARY TRACK

USRA Line No. 419

Penn Central



The Columbia City Secondary Track, formerly part of the Pennsylvania RR, extends from Mexico (Milepost 14.3) to North Manchester, Ind. (Milepost 37.2), a distance of 22.9 miles, in Miami and Wabash Counties, Ind. This line connects at North Manchester with PC's Michigan Branch. At Newton, it connects with the Erie Lackawanna line from Chicago to Hoboken. The Norfolk & Western Railroad's Michigan City-Indianapolis Line connects with this line at Denver. Penn Central has filed a petition to abandon this line (ICC Docket No. AB-5, Sub. 24; USRA Docket No. 75-49). This line was described as potentially excess in the U.S. DOT Report (see Zone 117).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Roann	52
Chili	7
Denver	7
Mexico	80

Total carloads generated by the line..... 155

Average carloads per week.....	3.0
Average carloads per mile.....	6.8
Average carloads per train.....	1.6
1973 operating information:	
Number of round trips per year.....	100
Estimated time per round trip (hours).....	6.0
Locomotive horsepower.....	1,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office, as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by the Mexico Elevator Company indicated that it generated 119 carloads of grain in 1973, that trucks could not handle the volume of grain that must be shipped and that, even if trucks were available, the increased costs of shipping the grain would be \$36,000 annually. The report prepared by the Governor's Task Force, State of Indiana indicated that the line lost \$6,954 in 1973 and requires rehabilitation costing \$546,720.

Information for Line Retention Decision

Revenue received by PC.....	\$76,990
Average revenue per carload.....	\$497
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	186,672
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	53,208
Cost incurred beyond the branch line.....	52,590
Total variable (avoidable) cost.....	292,470
Net contribution (loss): total.....	(215,480)
Average per carload.....	(1,390)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 9,900 crossties (an average of 432 crossties per mile).

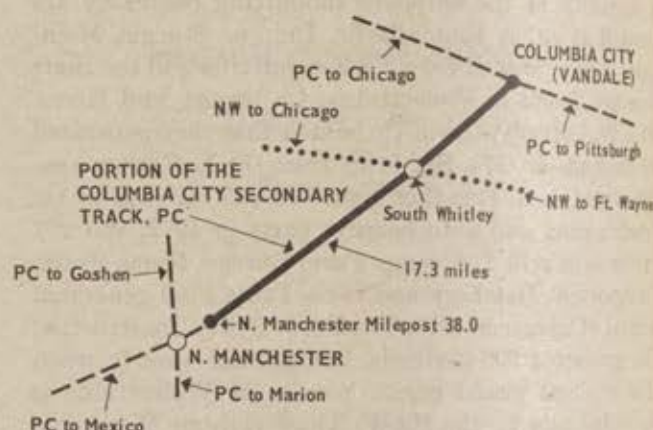
Preliminary Recommendation

It is *not* recommended that the Columbia City Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$215,480 or \$1,390 per carload. Recovery of costs would require approximately a nine-fold increase in traffic or a 280 percent rate increase over the 1973 levels.

COLUMBIA CITY SECONDARY TRACK

USRA Line No. 420

Penn Central



This portion of the Columbia City Secondary Track, formerly part of the Pennsylvania RR, extends from Columbia City (Vandale) (Milepost 55.3) to North Manchester, Ind. (Milepost 38.0), a distance of 17.3 miles, in Whitley, Kosciusko and Wabash Counties, Indiana. A continuation of this line extends from N. Manchester to Mexico, which segment is also under study in this Report. At Columbia City, this line connects with the PC's Chicago-Pittsburgh line and at N. Manchester with the PC's Anderson-Goshen Line. This line was described as potentially excess in the U.S. DOT Report (see Zones 115 and 117).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

The ICC approved this line for abandonment on April 12, 1973 (Docket No. AB-5 Sub. No. 25). It has been kept in service to handle traffic generated on USRA segment No. 419.

Preliminary Recommendation

It is *not* recommended that this portion of the Columbia City Secondary be included in the ConRail System.

PORTION OF CULVER SECONDARY TRACK

USRA Line No. 423



This portion of the Culver Secondary Track, formerly part of the Pennsylvania RR, extends from Logansport (Milepost 115.9) to Culver, Ind. (Milepost 148.6), a distance of 32.7 miles, in Cass, Fulton and Marshall Counties, Ind. At Logansport this line connects with the PC Chicago-to-Columbus line, the Norfolk & Western Ry, and the I&F Branch, PC. Kewanna is served by the Chesapeake & Ohio Ry's Chicago-Cincinnati line and De Long is served by the Erie-Lackawanna Ry's Chicago-Marion, Ohio line. This line was described as potentially excess in the U.S. DOT Report (see Zones 117 and 129). Penn Central has filed petitions to abandon this line (ICC Docket No. AB-5 Sub. 107 and USRA Docket No. 75-36).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lucerne	95
Grass Creek	22
Kewanna	20
De Long	0
Culver	9
Total carloads generated by the line	146
Average carloads per week	2.8
Average carloads per mile	4.5
Average carloads per train	3.7
1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,700
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information received by USRA staff indicated that this, like other rural branch lines, is considered important to the shippers of agricultural inputs not conducive to other modes such as potash and anhydrous ammonia.

Information for Line Retention Decision

Revenue received by PC	\$64,558
Average revenue per carload	\$442
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	224,205
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	75,106
Cost incurred beyond the branch line	42,650
Total variable (avoidable) cost	341,961
Net contribution (loss): total	(277,403)
Average per carload	(1,900)

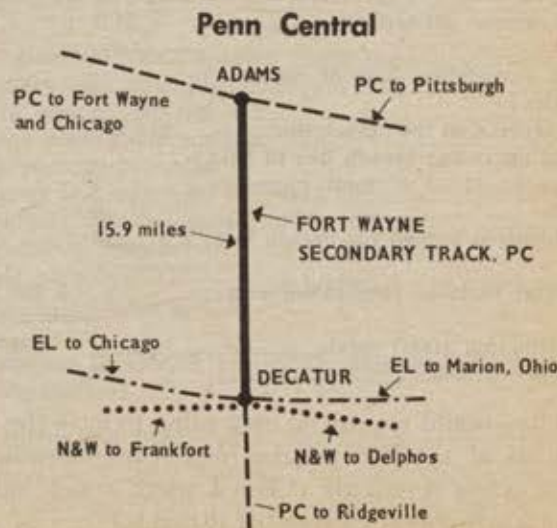
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Culver Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic revenue and cost levels, this line generates an annual excess financial burden amounting to \$277,403 or \$1,900 per carload. Recovery of cost would require approximately a thirteen-fold increase in traffic or a 430 percent rate increase over the 1973 levels.

FT. WAYNE SECONDARY TRACK

USRA Line No. 428



The Ft. Wayne Secondary Track, formerly part of the Pennsylvania RR, extends from *Decatur* (Milepost 70.7) to *Adams, Ind.* (Milepost 86.6), a distance of 15.9 miles, in Allen and Adams Counties, Ind. This line runs south from the Penn Central Chicago-Pittsburgh line at Adams just east of Fort Wayne. Below Decatur it continues to Ridgeville, and is also under study in this report. The EL Chicago-Marion, Ohio line and the N&W Marion, Ind. to Delphos, Ohio line cross at Decatur. This line was described as potentially excess in the U.S. DOT Report (see Zones 116 and 117).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Decatur ¹	7,693
Williams	39
Hoagland	10

Total carloads generated by the line	7,742
Average carloads per week	148.9
Average carloads per mile	486.9
Average carloads per train	31.0
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that abandonment of this line might result in the termination of several jobs. The Central Soya Company of Decatur has invested \$20 million in rail equipment including a fleet of jumbo hopper cars.

Information for Line Retention Decision

Revenue received by PC	\$3,565,894
Average revenue per carload	\$461
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	482,294
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	2,877,414
Total variable (avoidable) cost	3,359,708
Net contribution (loss) total	206,186
Average per carload	27

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

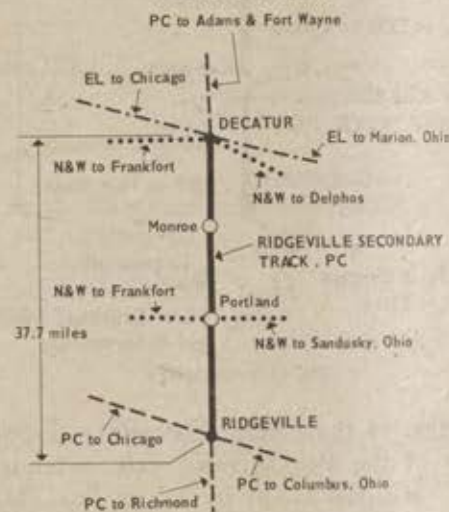
Recommendation

It is recommended that the Ft. Wayne Secondary Track be included in the ConRail System.

RIDGEVILLE SECONDARY TRACK

USRA Line No. 429

Penn Central



The Ridgeville Secondary Track, formerly part of the Pennsylvania RR, extends from *Ridgeville* (Milepost 33.0) to *Decatur, Ind.* (Milepost 70.7), a distance of 37.7 miles, in Adams, Jay and Randolph Counties, Ind. This line continues south to Richmond and north (as the Ft. Wayne secondary track). Both extensions are also under study in this report. N&W lines cross at Decatur and Portland; the EL Chicago-Marion, Ohio line crosses at Decatur and there is a connection with the Penn Central's Chicago-Columbus line at Ridgeville. Penn Central has filed a petition to abandon the section of this line between Portland and Monroe (ICC Docket No. AB-5, Sub. 139). This line was described as potentially excess in the U.S. DOT Report (see Zones 117 and 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Collett	1
Portland	389
Briant	5
Geneva	66
Berne	159
Monroe	106
Decatur ¹	18
Ridgeville ¹	32

Total carloads generated by the line	773
Average carloads per week	14.9
Average carloads per mile	20.5
Average carloads per train	3.9

1973 operating information:

Number of round trips per year.....	200
Estimated time per round trip (hours).....	11.0
Locomotive horsepower.....	1,000
Train crew size.....	5

*Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there are prospects for substantial increases in future business if better service and more cars were available. The Adams County Farm Bureau shipped and received about 7 thousand tons in 1973. With better service and car availability this could be in the 32,000-40,000 ton range.

The Governor's Task Force found that the Ridgeville-Adams Line operates at a substantial profit; its abandonment would cause the loss of 135 jobs, and recommends inclusion in the Final System Plan. (This line is only a portion of a longer line analyzed by the State of Indiana.)

Information for Line Retention Decision

Revenue received by PC.....	\$310,397
Average revenue per carload.....	\$402
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	493,975
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost).....	38,616
Cost incurred beyond the branch line.....	134,815
Total variable (avoidable) cost.....	667,406
Net contribution (loss) total.....	(357,009)
Average per carload.....	(462)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 280 crossties (an average of 7 crossties per mile).

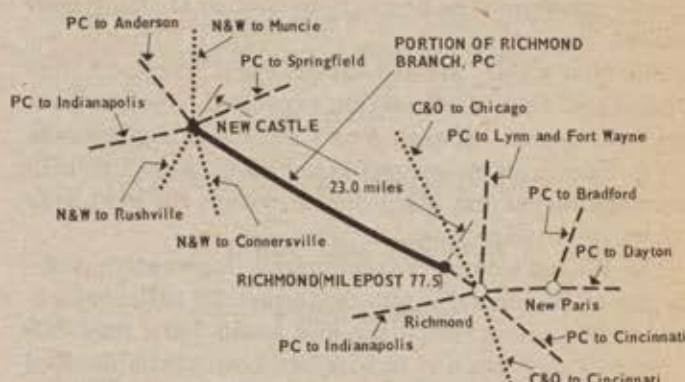
Preliminary Recommendation

It is not recommended that the Ridgeville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$357,009 or \$462 per carload. Recovery of costs would require approximately a 170 percent increase in traffic or a 115 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will not make the line viable.

PORTION OF RICHMOND BRANCH

USRA Line No. 521

Penn Central



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from *Richmond* (Milepost 77.5) to *New Castle, Ind.* (Milepost 100.5), a distance of 23.0 miles, in Wayne and Henry Counties, Indiana. This is a segment of the Richmond Branch of the PC's line from Logansport, Ind. to Cincinnati, Ohio. Parts of the northern and southern continuation of this "Richmond Branch" are also under study in this Report. Other lines serving Richmond are: C&O Cincinnati to Muncie; PC Richmond to Ft. Wayne (portions of which are also under study in this Report); and PC Columbus, Ohio to Indianapolis, which is also under study in this Report. Penn Central has filed a petition to abandon this line (I.C.C. Docket No. AB-5 Sub. 131/132; USRA Docket No. 75-39). This line was described as potentially excess in the U.S. DOT Report (see Zone 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Greens Fork.....	0
Hagerstown.....	21
Millville.....	0
Richmond ¹	101
Total carloads generated by the line.....	122
Average carloads per week.....	2.3
Average carloads per mile.....	5.3
Average carloads per train.....	2.3

1973 operating information:

Number of round trips per year.....	52
Estimated time per round trip (hours).....	3.5
Locomotive horsepower.....	1,750
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their report entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Helen A.

Lowery of Green Fork indicated that she favors abandonment. Her testimony indicated that she has a reverent interest in the right-of-way and that her family has paid taxes on the property to the railroad for some 32 years. She stated that there is only one slow movement along the tracks per week and that the railroad has failed to maintain the property or protect abutting land owners.

The New Castle Metal Casting Plant Perfect Circle Division of Dana Corporation expressed concern about the line segment between New Castle and Hagerstown.

The Corporation received 81 carloads of sand in 1973 and feels its car use could double within the next year due to a plant expansion.

The Wayne County Farm Bureau Cooperative Association of Richmond is also concerned. In 1973 they unloaded 21 cars of fertilizer and could have used 100 hopper cars of grain if service had been available. Rail movement of grain means 10 cents more per bushel for the farmer. Moving fertilizer by truck inbound could add \$10 per ton to the farmer's cost. Farmers have invested approximately half a million dollars at this location. According to the Governor's Rail Task Force, employment lost would be forty-five jobs representing \$382,608 in wages.

The Task Force concludes that this line currently operates at a loss and should be abandoned.

Information for Line Retention Decision

Revenue received by PC.....	\$33,270
Average revenue per carload.....	\$273
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	157,946
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	16,608
Cost incurred beyond the branch line.....	14,001
Total variable (avoidable) cost.....	188,555
Net contribution (loss): Total.....	(155,285)
Average per carload.....	(1,273)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,080 crossties (an average of 47 crossties per mile).

Preliminary Recommendation

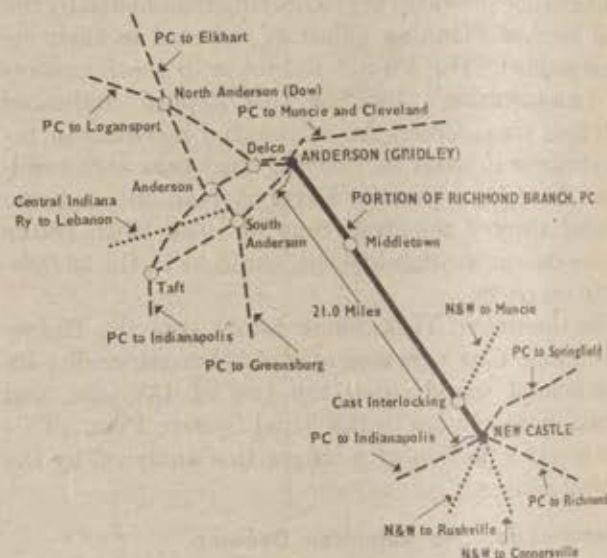
It is *not* recommended that this portion of the Richmond Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$155,285 or \$1,273 per carload.

Recovery of costs would require approximately a seven-fold increase in traffic or a 465 percent rate increase over the 1973 levels.

PORTION OF RICHMOND BRANCH

USRA Line No. 522

Penn Central



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from New Castle (Milepost 100.5) to Anderson, Ind. (Milepost 121.5), a distance of 21.0 miles, in Henry and Madison Counties, Indiana. This line is part of Penn Central's Logansport to Cincinnati line; both the northern and southern continuations of this line are also under study in this Report. The PC Cleveland-to-Indianapolis line and the Michigan Branch to Elkhart cross at Anderson. The N&W lines to Muncie, Rushville and Connersville cross at New Castle, as does the PC's Springfield-Indianapolis line, which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 119 and 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
New Castle ¹	424
Sulphur Spring.....	77
Honey Creek.....	18
Middletown.....	103
Anderson ¹	3,851
Total carloads generated by the line.....	4,473
Average carloads per week.....	86.6
Average carloads per mile.....	213.0
Average carloads per train.....	22.4
1973 operating information:	
Number of round trips per year.....	200
Estimated time per round trip (hours).....	4
Locomotive horsepower.....	1,750
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the New Castle to Anderson line is used by both industrial and agricultural shippers. Wilson Grain Elevator, Inc. at Sulphur Springs will not increase its storage capacity as planned until it is assured of continued rail service.

The Henry County Farm Bureau Cooperative Association, operator of a fertilizer plant at Honey Creek and a grain manufacturing plant at New Castle, receives fertilizer from Florida and Canada. The Association believes truck shipments would be costly and difficult. Use of trucks might cause the Honey Creek plant to close because trucks require more storage and the availability of sufficient equipment is doubtful.

The Association as well as Wilson Grain reported poor service from the PC because of an inability to furnish sufficient rail cars as needed.

Liebhart Mills, Inc., shipped between 26 and 44 carloads in 1973. They indicated its plant could not utilize trucks because of restrictive rate structures and would be forced to close if rail service were discontinued.

Allegheny Ludlum Steel shipped 185 carloads of scrap metal and hot rolled bands in 1973. Its New Castle plant was acquired in 1972 and its traffic is not reflected in the DOT Report.

The Governor's Rail Task Force estimated that the line generates nine carloads per mile exclusive of the end point traffic (New Castle and Anderson). The Task Force also estimated that 45 jobs would be lost as a result of abandonment, representing \$382,608 in wages.

The Task Force indicates that this line operated at a loss in 1973 and recommends that a portion of the line between Anderson and Middletown be abandoned and the remainder of the line be operated as a branch out of New Castle. It recommends that this latter segment be incorporated in the Final System Plan and transferred to ConRail.

Information for Line Retention Decision

Revenue received by PC	\$1,921,825
Average revenue per carload	\$430
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	251,868
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	624,466
Total variable (avoidable) cost	876,334
Net contribution (loss): Total	1,045,491
Average per carload	234

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

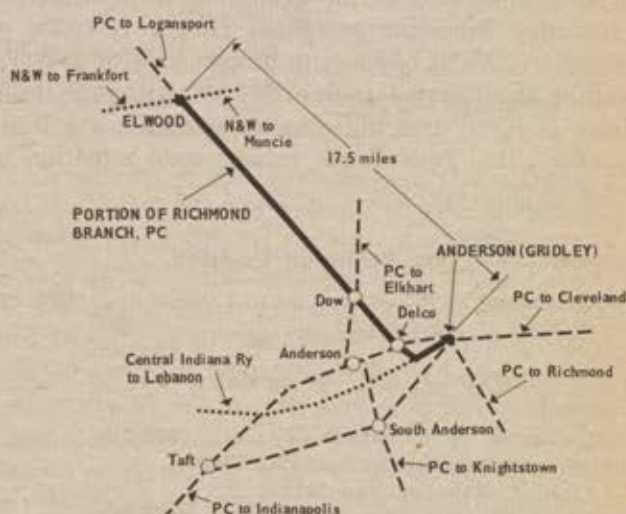
Recommendation

It is recommended that this portion of the Richmond Branch be included in the ConRail System.

PORTION OF RICHMOND BRANCH

USRA Line No. 523

Penn Central



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from Anderson (Milepost 121.5) to Elwood, Ind. (Milepost 139.0), a distance of 17.5 miles, in Madison County, Ind. This segment is part of the Logansport-Richmond-Cincinnati Branch; both its northern and southern extension are also under study in this Report. At Anderson the Penn Central's Cleveland-Indianapolis line and Michigan Branch cross. The Central Indiana RR to Lebanon also intersects at Lebanon, and at Elwood the N&W Frankfort to Muncie line crosses. This line was described as potentially excess in the U.S. DOT Report (see Zone 119).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Frankton	56
Elwood	450
Total carloads generated by the line	506
Average carloads per week	9.7
Average carloads per mile	28.9
Average carloads per train	3.4

1973 Operating Information:

Number of round trips per year.....	150
Estimated time per round trip, hours.....	2.5
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Ryman and Fox Company of Frankton has recently invested \$70,000 in a new rail siding. The company stated that its decision to locate in Frankton was based on the assurance of continued rail service. The firm's projected 1974 carload figure is 440.

The Governor's Rail Task Force submitted information pertaining to the line extending from Anderson to Kokomo. This line generated freight revenues of \$220,367 in 1973 as opposed to branch costs of \$139,009 equalling an estimated profit of \$81,363. Although traffic volume is light, freight revenues per mile are high. Therefore, the Task Force recommends retention of service on this line.

Information for Line Retention Decision

Revenue received by PC.....	\$131,876
Average Revenue Per Carload.....	\$261
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	102,570
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	163,682
Total variable (avoidable) cost.....	166,252
Net contribution (loss): total.....	(34,376)
Average per carload.....	(68)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

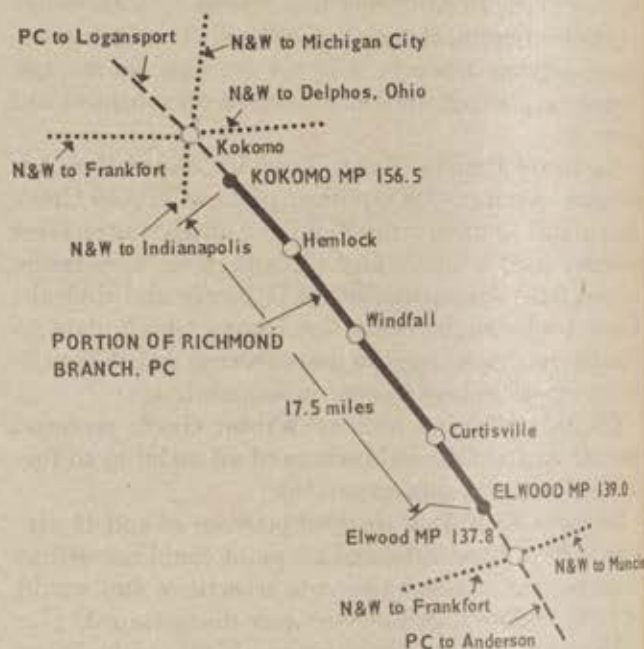
Preliminary Recommendation

It is *not* recommended that this portion of the Richmond Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$34,376 or \$68 per carload. Recovery of costs would require approximately a 43 percent increase in traffic or a 26 percent rate increase over the 1973 levels. *Shippers at Anderson will continue to be served.*

PORTION OF THE RICHMOND BRANCH

USRA Line No. 524

Penn Central



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from Elwood (Milepost 139.0) to Kokomo, Ind. (Milepost 156.5), a distance of 17.5 miles, in Madison, Tipton and Howard Counties, Ind. Continuations of this line extend northwestward from Kokomo to Logansport and beyond, and southeastward from Elwood to Anderson and beyond. The line southeastward is also under study in this Report. This line connects at Elwood with the N&W to Frankfort and Muncie; and at Kokomo with the N&W to Delphos and Frankfort and to Indianapolis and Michigan City. An abandonment application has been filed with ICC Docket No. AB-5, Sub. 131, 132; with USRA, Docket No. 75-40. This line was described as potentially excess in the U.S. DOT Report (see Zones 117 and 119).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Curtisville	37
Windfall	61
Nevada	4
Hemlock	75
Total carloads generated by the line.....	177
Average carloads per week.....	3.4
Average carloads per mile.....	10.2
Average carloads per train.....	3.4

1973 operating information:

Number of round trips per year.....	52
Estimated time per round trip (hours).....	2.2
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that at least two shippers on the line will incur higher shipping costs if the line is abandoned. The Rydman and Fox Company recently invested \$70,000 in a new rail siding based on PC's word that the line would not be abandoned. The Butcher Manufacturing Company estimated that the loss of this line would cost it \$40,000 in additional transportation costs.

The Governor's Task Force indicates freight revenues of \$220,367 in 1973 as opposed to branch costs of \$139,000 equaling an estimated profit of \$81,363. The analysis of this line suggests that it is viable, therefore the Task Force recommends retention of the line.

Information for Line Retention Decision

Revenue received by PC.....	\$83,228
Average revenue per carload.....	\$470
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	122,396
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	51,962
Total variable (avoidable) cost.....	174,358
Net contribution (loss): total.....	(91,130)
Average per carload.....	(515)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Richmond Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$91,130, or \$515 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 110 percent rate increase over the 1973 levels. *Shippers at Kokomo will continue to be served.*

PORTION OF THE NEWMAN SECONDARY TRACK

USRA Line No. 556

Penn Central



This portion of the Newman Secondary Track, formerly part of the Pennsylvania RR, extends from Richmond (Milepost 2.0) to Lynn, Ind. (Milepost 15.6), a distance of 13.6 miles, in Wayne and Randolph Counties, Indiana. A continuation of this line extends northward from Lynn to Adams. (Over this portion the line is called the Fort Wayne Branch and Ridgeville Secondary Track). This continuation is also under study in this Report. Connections include: the PC Indianapolis to Columbus line, the PC Richmond Branch, and the Chesapeake & Ohio Ry., Cincinnati to Chicago at Richmond. At Lynn, there is a connection with the PC Springfield Branch. The PC Richmond Branch, Springfield Branch and Columbus-to-Indianapolis line are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 120).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line has been used as an overhead detour route; it serves no local traffic. Since the PC line through Goshen and Anderson has been upgraded, this line is no longer required.

Preliminary Recommendation

It is *not* recommended that this portion of the Newman Secondary Track be included in the ConRail System.

PORTION OF THE NEWMAN SECONDARY TRACK AND THE FORT WAYNE BRANCH

USRA Line No. 557

Penn Central



This portion of the Newman Secondary Track and the Fort Wayne Branch, formerly part of the Pennsylvania RR, extends from *Lynn* (Milepost 15.6) to *Ridgeville, Ind.* (Milepost 33.0), a distance of 17.4 miles, in Randolph County, Ind. Continuations of this line extend southward from *Lynn* and northward from *Ridgeville* (this portion is the *Ridgeville Secondary Track*). These continuations are also under study in this Report. Connections include: the PC Springfield Branch at *Lynn* (portions of which are also under study in this Report), the PC Cleveland-to-Indianapolis line at *Winchester*, and the PC Columbus-to-Chicago line at *Ridgeville*. PC has filed for abandonment with the ICC Docket No. AB-5 Sub. 138, 139. PC has also filed with USRA Docket No. 75-37. This line was described as potentially excess in the U.S. DOT Report (see Zone 120).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." An analysis by the Governor's Rail Task Force gives total annual branch cost as \$67,626, while total branch freight revenue is listed as \$3,872. Rehabilitation costs are estimated at \$225,760. To continue operations, an annual estimated subsidy of \$63,756 would be needed. The main economic activity in the area is agriculture and light industry. The Task Force noted that there is no potential for traffic growth and recommended abandonment of this line segment.

Information for Line Retention Decision

This line has been used as an overhead detour route; it serves no local traffic. Since the PC line through Goshen and Anderson has been upgraded, this line is no longer required.

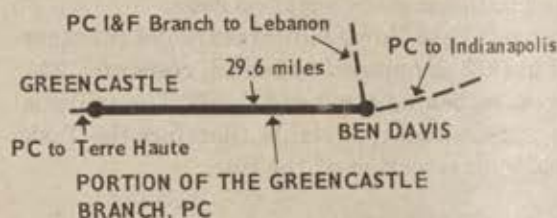
Preliminary Recommendation

It is *not* recommended that this portion of the Newman Secondary Track and the Fort Wayne Branch be included in the ConRail System.

PORTION OF THE GREENCASTLE BRANCH

USRA Line No. 565

Penn Central



This portion of the Greencastle Branch, formerly part of the Pennsylvania RR, extends from *Ben Davis* (Milepost 6.9), to *Greencastle, Ind.* (Milepost 36.5), a distance of 29.6 miles, in Marion, Hendricks, and Putnam Counties, Indiana. Continuations of this line extend eastward from *Ben Davis* to *Indianapolis*, and westward from *Greencastle* to *Terre Haute*. The portion between *Greencastle* and *Terre Haute* is also under study in this Report. This line connects with the I&F Branch of the PC at *Ben Davis*. The Penn Central Company has filed a petition for abandonment of this line with the ICC. No action has been taken. This line was described as potentially excess in the U.S. DOT Report (see Zones 122 and 126).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bridgeport	5
Plainfield	30
Clayton	14
Amo	0
Coatesville	4
Fillmore	14
Total carloads generated by the line	
Average carloads per week	1.5
Average carloads per mile	2.6
Average carloads per train	1.5
1973 Operating Information:	
Number of round trips per year	32
Estimated time per round trip (hours)	3
Locomotive horsepower	5,250
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there was little public protest to the potential abandonment of the Indianapolis to Terre Haute line, which includes the Ben Davis to Greencastle segment. However, Lone Star Industries at Limesdale, near Greencastle but not on this segment, said the line is needed to provide adequate service and alternative routing between Terre Haute and Indianapolis. Penn Central currently operates two parallel lines between those two points. The Governor's Rail Task Force stated that the main economic activities along this segment are agriculture and agri-business. The Task Force estimated that an annual subsidy of \$100,576 would be required to keep the line in operation. The estimated rehabilitation was listed at \$354,560. Abandonment would mean the loss of about 60 jobs.

Information for Line Retention Decision

Revenue received by PC	\$21,563
Average revenue per carload	\$284
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	222,801
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	11,562
Total variable (avoidable) cost	234,363
Net contribution (loss): total	(212,800)
Average per carload	(2,800)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Evaluation of coal reserves by USRA shows no coal deposits adjacent to this line.

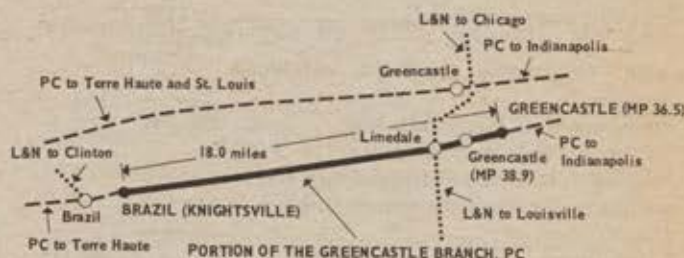
Preliminary Recommendation

It is not recommended that this portion of the Greencastle Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$212,800 or \$2,800 per carload. Recovery of costs would require approximately a 21-fold increase in traffic or a 986 percent rate increase over the 1973 levels.

PORTION OF THE GREENCASTLE BRANCH

USRA Line No. 566

Penn Central



This portion of the Greencastle Branch, formerly part of the Pennsylvania RR, extends from Greencastle (Milepost 36.5) to Brazil, Ind. (Milepost 54.5), a distance of 18.0 miles, in Putnam and Clay Counties, Ind. This line is also known as the Davis to Lenox Line. Continuations of this line extend eastward from Greencastle to Indianapolis and westward from Brazil to Terre Haute. Both of these continuations are also under study in this Report. Connections are made at Limesdale with the Louisville and Nashville RR Monon-to-Louisville line. Abandonment application was filed with the ICC, Docket No. AB-5, Sub. 145. This line was described as potentially excess in the U.S. DOT Report, except for the portion from Greencastle to Limesdale (see Zones 125 and 126).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Greencastle	1,210
Limesdale	948
Reelsville	0
Total carloads generated by the line	2,158
Average carloads per week	41.5
Average carloads per mile	119.9
Average carloads per train	6.2
1973 operating information:	
Number of round trips per year	350
Estimated time per round trip (hours)	5.1
Locomotive horsepower	5,250
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that public protest of potential abandonment was slight. Both protesting shippers would continue to have rail

service, although alternate routings could reduce their desired level of service.

The Governor's Task Force analysis indicated the segment operates at a profit, generating 53 carloads per mile, not including Greencastle traffic.

Information for Line Retention Decision

Revenue received by PC	\$977,308
Average revenue per carload	\$453
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	322,541
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	362,574
Total variable (avoidable) cost	685,115
Net contribution (loss): Total	292,193
Average per carload	135

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that this portion of the Greencastle Branch be included in the ConRail System.

PORTION OF GREENCASTLE BRANCH

USRA Line No. 566a

Penn Central



This portion of the Greencastle Branch, formerly part of the Pennsylvania RR, extends from Brazil (Milepost 54.5) to Terre Haute, Ind. (Milepost 72.4), a distance of 17.9 miles, in Clay and Vigo Counties, Ind. This line is also known as the Davis-to-Lenox Line. A continuation of this line extends westward from Terre Haute to St. Louis, and it is under study in this Report. Another continuation of this line extends eastward from Brazil to Greencastle, and it is also under study in

this Report. Connections at Brazil are made with the Louisville and Nashville RR to Chicago, and at Terre Haute with the PC Peoria Secondary Track, the PC Clay City Secondary Track, the PC Indianapolis-to-St. Louis Line (via Pana and Effingham); the Louisville & Nashville to Vincennes and Danville, and the Chicago, Milwaukee, St. Paul & Pacific RR to Chicago. All of the PC lines at Terre Haute except for the Indianapolis to St. Louis Line (via Effingham) are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 125).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Brazil	596
Staunton	134
Seelyville	64
Terre Haute ¹	4,295

Total carloads generated by the line	5,079
Average carloads per week	97.7
Average carloads per mile	283.7
Average carloads per train	14.5
1973 operating information:	
Number of round trips per year	350
Estimated time per round trip (hours)	4.7
Locomotive horsepower	5,250
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Arketex Ceramic Corporation located in Brazil, stressed requirement of rail service to move bulk raw materials from distances of over 1,000 miles. The firm shipped over 278 carloads in 1973. The present track condition is poor and the spur leading to this plant was out of order 33 days in 1973. Prior to 1970, the firm shipped 50 percent of its total volume via rail, but rail shipments accounted for only 31 percent in 1973. The drop was attributed to inadequate service.

The Governor's Rail Task Force supplied no information about this particular segment of the line.

Information for Line Retention Decision

Revenue received by PC	\$1,599,201
Average revenue per carload	\$315
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	350,516
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	12,637
Cost incurred beyond the branch line	692,622
Total variable (avoidable) cost	1,055,775

Net contribution (loss) : total	543,426
Average per carload	107

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,011 crossties (an average of 57 crossties per mile).

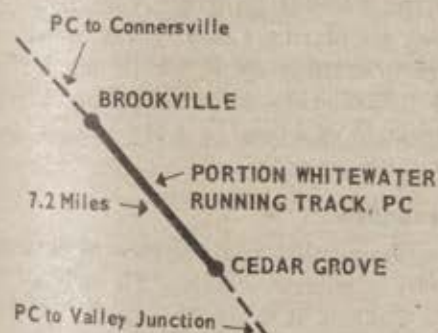
Recommendation

It is recommended that this portion of the Greencastle Branch be included in the ConRail System.

PORTION OF THE WHITEWATER RUNNING TRACK

USRA Line No. 571

Penn Central



This portion of the Whitewater Running Track, formerly part of the New York Central RR, extends from Cedar Grove (Milepost 36.7) to Brookville, Ind. (Milepost 43.9), a distance of 7.2 miles, in Franklin County, Indiana. Continuations of this line extend southeastward from Cedar Grove and northwestward from Brookville. The latter portion is also under study in this Report. PC filed an abandonment application with the ICC on July 18, 1973, Docket No. AB-5, Sub. 180. This line was described as potentially excess in the U.S. DOT Report (see Zone 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cedar Grove	60
Brookville	685
Total carloads generated by the line	745

Average carloads per week	14.3
Average carloads per mile	103.5
Average carloads per train	10.6
1973 Operating Information:	
Number of round trips per year	70
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Franklin County Farm Bureau Cooperative operates a facility at Brookville. The State of Indiana recommends that this line could be operated as a branch line from Valley Junction, Ohio, to Beeson, Ind., or as a branch from Cambridge City south over Norfolk & Western track to Beesons and from Beesons, south to Harrison, Ind.

Information for Line Retention Decision

Revenue received by PC	\$179,392
Average revenue per carload	\$241

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	92,465
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	16,321
Cost incurred beyond the branch line	104,402

Total variable (avoidable) cost	213,188
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Net contribution (loss) : total	(33,796)
Average per carload	(45)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,645 crossties (an average of 645 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Whitewater Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$33,796 or \$45 per carload. Recovery of costs would require approximately a 45 percent increase in traffic or a 19 percent rate increase over the 1973 levels.

PORTION OF THE WHITEWATER RUNNING TRACK

USRA Line No. 573

Penn Central



This portion of the Whitewater Running Track, formerly part of the New York Central RR, extends from Connersville (Milepost 67.3) to Beeson, Ind. (Milepost 74.1), a distance of 6.8 miles, in Fayette and Wayne Counties, Indiana. A continuation of this line extends southward from Connersville. Connections include the Baltimore & Ohio to Indianapolis and Hamilton at Connersville, and the Norfolk & Western to New Castle at Beeson. This line was not shown in the U.S. DOT Report (see Zone 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Connersville	5,958
Beesons	0
Total carloads generated by the line	5,958
Average carloads per week	114.6
Average carloads per mile	876.2
Average carloads per train	23.4
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" noted that the Early and Daniel Co. of Cincinnati recommends that the N&W should purchase and operate the PC line from Beeson to Valley Junction. This would establish a main line on the N&W from the west to Norfolk via Cincinnati and would reduce circuitry.

Indiana's Rail Task Force did not analyze the Beeson to Connersville line segment separately but includes it in a longer segment extending from Harrison at the Indiana-Ohio state line north to Beeson. The task Force estimates that annual profits on this longer segment is \$1,820,203. Estimated rehabilitation cost is \$255,063. The rail group recommends retention of service on the entire line segment and inclusion in the Con-Rail System.

Information for Line Retention Decision

Revenue received by PC	\$1,758,001
Average revenue per carload	\$295
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	339,258
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	25,287
Cost incurred beyond the branch line	1,111,015
Total variable (avoidable) cost	1,475,560
Net contribution (loss): Total	282,441
Average per carload	47

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,443 crossties (an average of 650 crossties per mile).

Recommendation

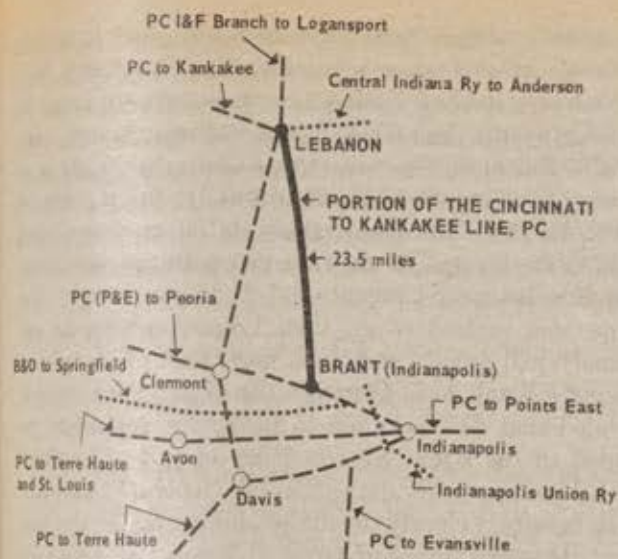
It is recommended that service to Connersville be assumed by a solvent carrier. If such an agreement cannot be reached, it is recommended that this portion of the Whitewater Running Track be included in the ConRail System. ConRail would serve the line from Richmond, Ind.

PORTION OF THE CINCINNATI TO KANKAKEE LINE

USRA Line No. 574/574a

Penn Central

This portion of the Cincinnati-to-Kankakee Line, formerly part of the New York Central RR, extends from Brant (Milepost 113.5), to Lebanon, Ind. (Milepost 137.0), a distance of 23.5 miles, in Marion and Boone Counties, Indiana. Continuations of this line extend southeastward from Brant and northwestward from Lebanon. The latter portion is also under study in this Report. Connections are: the Peoria & Eastern line at Brant (out of service) and the PC I&F Branch at Lebanon. The Peoria and Eastern and a portion of the PC I&F are also under study in this Report. PC



has filed an abandonment application with the ICC Docket No. AB-5, Sub. 94. This line was described as potentially excess in the U.S. DOT Report (see Zone 122).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Rock Island	212
Augusta	418
Zionsville	285
Whitestown	9
Indianapolis*	109
Total carloads generated by the line	
	1,033
Average carloads per week	19.9
Average carloads per mile	44.0
Average carloads per train	6.9
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,750
Train crew size	4

* Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Swiggert Lumber of Zionsville would have to pay \$300 to \$400 more for a carload of materials without direct rail service. Swiggert shipped 3 carloads in 1973. The Stenotype Company stated that its paper transport costs would double without rail service. Carloads generated by Stenotype in 1973 were 59, and the firm projects future traffic of 72 carloads per year. Rheem Manufacturing Company and James Held Company indi-

cated that they both expect to begin using rail service at Indianapolis, and their combined traffic would add 115 carloads. It was also suggested at the hearings that this line through Zionsville could be used for suburban passenger service. The Governor's Rail Task Force indicated that this line generated \$274,747 in revenue, \$108,953 in branch line costs and operated at a profit of \$165,793. Estimated rehabilitation costs for the line were set at \$252,000. The Task Force found traffic to consist of 931 carloads or 32 cars per mile. Abandonment of the line would result in 45 jobs being lost, representing \$382,608 in wages. The Task Force could project no traffic growth, but recommended that this line be included as part of the ConRail System. A parallel PC line runs between Lebanon and Indianapolis just to the west of this line.

Information for Line Retention Decision

Revenue received by PC	\$301,087
Average revenue per carload	\$291
Variable (avoidable) cost for continued service:	
Cost incurred on the branch line	203,292
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	52,282
Cost incurred beyond the branch line	162,087
Total variable (avoidable) cost	417,661
Net contribution (loss): total	(116,574)
Average per carload	(112)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 11,750 crossties (an average of 500 crossties per mile).

Available data indicates that the near term potential traffic growth of the line may amount to 130 carloads per year. However, an 80 per cent growth in traffic would be required for financial self-sufficiency.

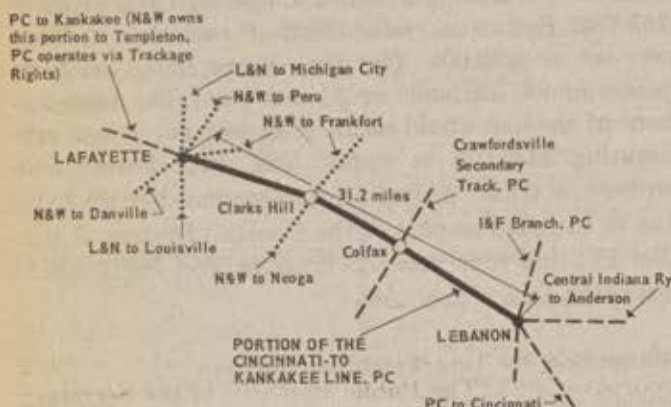
Preliminary Recommendation

It is *not* recommended that this portion of the Cincinnati to Kankakee Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$116,574 or \$112 per carload. Recovery of costs would require approximately an 80 percent increase in traffic or a 35 percent rate increase over the 1973 levels. Traffic between Lebanon and Indianapolis can be routed via the E&P.

PORTION OF THE CINCINNATI-KANKAKEE LINE

USRA Line No. 575

Penn Central



This portion of the Cincinnati-to-Kankakee Line, formerly part of the New York Central RR, extends from Lebanon (Milepost 139.0) to Lafayette, Ind. (Milepost 170.2), a distance of 31.2 miles, in Boone, Clinton and Tippecanoe Counties, Ind. Norfolk & Western owns the portion of the line from Lafayette to Templeton. PC operates via trackage rights. Continuations of this line extend southeastward from Lebanon and northwestward from Lafayette. Both of these continuations are also under study in this report. Connections include: the PC I&F Branch and the Central Indiana Ry at Lebanon; the PC Crawfordsville Secondary Track at Colfax; the Norfolk & Western to Frankfort and Neoga at Clarks Hill; and at Lafayette, the Louisville & Nashville's Louisville-to-Michigan City line and the Norfolk & Western lines to Frankfort, Danville, and Peru. The PC Crawfordsville Secondary Track is also under study in this report. This line was described as potentially excess in the U.S. DOT Report DOT Report (see Zones 117, 122 and 127).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report covers this segment in terms of a longer segment which extends from Indianapolis to Lafayette. The Indianapolis Power and Light Co., the report observed, has invested \$3,000,000 in a new plant rail siding on this longer segment and depends upon rail service to receive coal. Ayr-Way Stores, Inc., a 27 store chain, established a distribution center and warehouse at Lebanon in 1970. Richard Fall spoke for the Boone County Farm Bureau Coop. and for three grain elevators, two fertilizer plants and one lumber yard on the line between Lebanon and Colfax.

He believes this 15 mile segment could generate 35 cars per mile if cars were available. The Governor's Rail Task Force studied USRA's segment between Lebanon and Lafayette. The Task Force estimates branch costs at \$135,252 annually with Penn Central's freight revenue amounting to \$145,586 annually, for a profit of about \$10,000. Estimated rehabilitation costs are listed as \$74,297. Amtrak at one time ran passenger service on this line between Chicago and Indianapolis until the route was shifted to go thru Logansport due to extremely bad track conditions northwest of Templeton towards Kankakee, Illinois. The Task Force recommended that this Lebanon to Lafayette segment be included in the Final System Plan as part of ConRail. USRA's shipper file shows that the General Foods plant at Lafayette is clearly the major shipper on this line segment. Howard Jones of General Foods stated that his firm had invested \$65 million in its Lafayette facility and is now investing another \$20 million. By 1975, he expects the plant's 1973 traffic to double to 1,500 carloads.

Information for Line Retention Decision

This line is required for through freight service after rehabilitation therefore local rail services will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Cincinnati to Kankakee Line be included in the ConRail System.

PORTION OF THE CINCINNATI TO KANKAKEE LINE

USRA Line No. 576

Penn Central



These PC Trackage Rights over the N&W extend from Lafayette (Milepost 170.2), to Templeton, Ind. (Milepost 192.6), a distance of 22.4 miles, in Tippecanoe and Benton Counties, Indiana. This portion of the PC Cincinnati to Kankakee line is owned by the Norfolk

& Western; PC operates via trackage rights. Continuations of this line extend northwestward from Templeton and southeastward from Lafayette; both are under study in this Report. Connections include the Norfolk & Western to Danville, Fort Wayne and Frankfort and the Louisville & Nashville to Louisville and Chicago at Lafayette. Another connection is the Norfolk & Western to Peoria at Templeton. This line was described as potentially excess in the U.S. DOT Report (see Zones 127 and 128).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

The Governor's Rail Task Force suggested retention of the PC trackage rights over this line in order to provide effective routing of traffic moving from Kankakee, Illinois through Indianapolis to Cincinnati.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

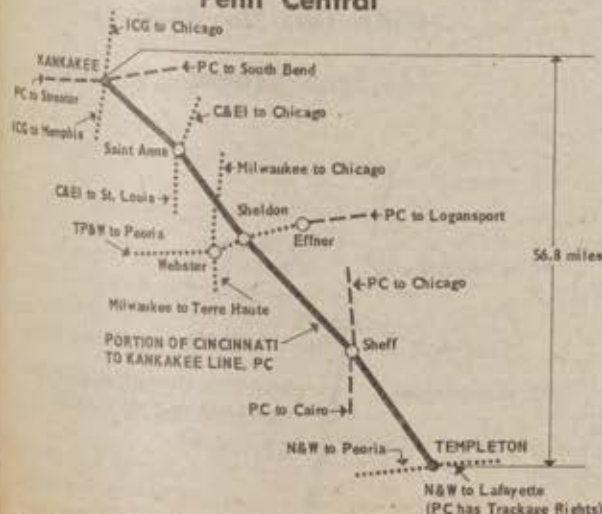
Recommendation

It is recommended that trackage rights over this portion of the N&W be included in the ConRail System.

CINCINNATI-KANKAKEE LINE

USRA Line No. 577

Penn Central



This portion of the Cincinnati-Kankakee Line, formerly part of the New York Central RR, extends from

Templeton, Ind. (Milepost 192.6) to Sheff, Ind. (Milepost 211.3), a distance of 18.7 miles, in Benton and Newton Counties, Ind.

At Templeton, this line continues southeast to Lafayette via trackage rights with the Norfolk Western Ry. It also connects with the Penn Central Danville Branch at Sheff. A portion of the Penn Central Danville Branch is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 128 and 139). The map for this line indicates that the 56.8 miles from Templeton to Kankakee is under study. Only the Eastern 18.7 miles between Templeton and Sheff is discussed here.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the St. Anne Grain Company would have increased its shipments over this line by 100 carloads per year had sufficient cars been available.

In addition, the Benton County Shippers and Receivers Association protests the abandonment of this line. The Control States Grain Company has spent more than \$400,000 in order to build a 100-car unit train loading facility at Swanington. The company estimates at least 10 train loadings in 1975.

Information received from the Governor's Rail Task Force indicates that the line generates 48 carloads per mile per year and operates at a profit.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

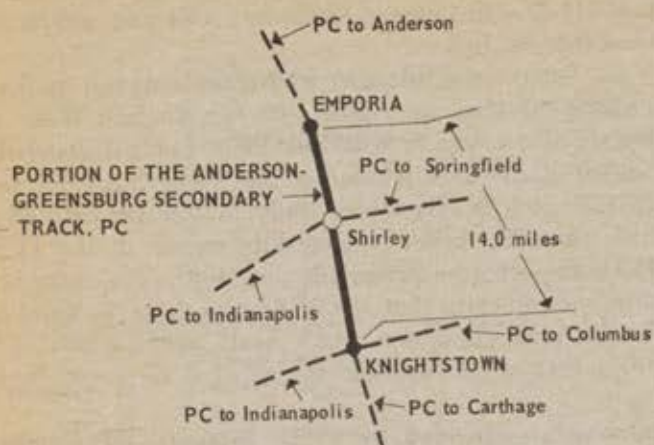
It is recommended that the Templeton to Sheff portion of the Cincinnati to Kankakee line be included in the ConRail System.

PORTION OF THE ANDERSON-GREENSBURG SECONDARY TRACK

USRA Line No. 578

Penn Central

This portion of the Anderson-Greensburg Secondary Track, formerly part of the New York Central RR, extends from Emporia (Milepost 173.5) to Knightstown, Ind. (Milepost 187.5), a distance of 14.0 miles, in Madison, Henry and Hancock Counties, Ind. Continuations of this line extend southward from Knights-



town and northward from Emporia (this becomes the PC Michigan Branch); the former portion is also under study in this Report. Connections include the PC Springfield Branch at Shirley and the PC Columbus to Indianapolis line at Knightstown. The Springfield Branch is also under study in this Report. PC applied for abandonment of this line in ICC Docket No. AB-5, Sub. 121. This line was described as potentially excess in the U.S. DOT Report (see Zones 119 and 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Markleville	3
Shirley ¹	11
Total carloads generated by the line	14
Average carloads per week	0.3
Average carloads per mile	1.0
Average carloads per train	0.5
1973 Operating Information:	
Number of round trips per year	28
Estimated time per round trip, hours	6
Locomotive horsepower	1,500
Train crew size	3

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Governor's Rail Task Force estimated branch costs at \$60,112 with freight revenue amounting to \$372,216. Rehabilitation costs are estimated at \$119,755. The Task Force, noting that intermediate stations between Emporia and Knightstown, Shirley and Markleville, do not generate significant traffic and that Shirley would be served by another line, recommended that this line be abandoned.

Information for Line Retention Decision

Revenue received by PC	\$6,185
Average revenue per carload	\$442
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	\$6,905
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	\$4,847
Cost incurred beyond the branch line	1,879
Total variable (avoidable) cost	133,431
Net contribution (loss): total	(127,246)
Average per carload	(9,089)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 7,000 crossties (an average of 500 crossties per mile). USRA studies reveal no fossil fuel resources in the area.

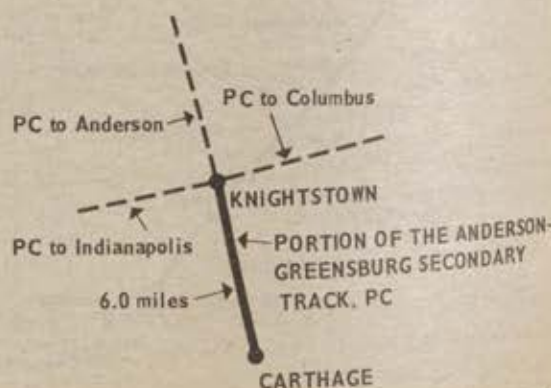
Preliminary Recommendation

It is *not* recommended that this portion of the Anderson-Greensburg Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$127,246 or \$9,089 per carload. Recovery of costs would require approximately a twenty-eight fold increase in traffic or a 2,055 per cent rate increase over the 1973 levels.

PORTRION OF THE ANDERSON-GREENSBURG SECONDARY TRACK

USRA Line No. 579a

Penn Central



This portion of the Anderson-Greensburg Secondary Track, formerly part of the New York Central RR.

extends from *Knightstown* (Milepost 187.5) to *Carthage, Ind.* (Milepost 193.5), a distance of 6.0 miles, in Henry and Rush Counties, Ind. Continuations of this line extend northward from Knightstown and southward from Carthage (this portion has been abandoned to Greensburg). The former continuation is also under study in this Report. This line connects with the PC Columbus to Indianapolis line at Knightstown. This line was not described as potentially excess in the U.S. DOT Report (see Zone 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Carthage	1,299
Knightstown ¹	41

Total carloads generated by the line..... 1,340

Average carloads per week	25.8
Average carloads per mile	223.3
Average carloads per train	8.9
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip	4
Locomotive horsepower	1,500
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Governor's Rail Task Force recommends retention of service on this line as it generates a sufficient amount of traffic to produce a substantial profit. The Task Force indicates that PC earned \$347,199 in revenue *vs.* \$18,785 in branch costs. Rehabilitation costs were estimated at \$37,143.

Information for Line Retention Decision

Revenue received by PC	\$357,476
Average revenue per carload	\$207
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	102,290
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	67,911
Cost incurred beyond the branch line	209,815
Total variable (avoidable) cost	380,016
Net contribution (loss): Total	(22,540)
Average per carload	(17)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 17,250 cross-ties (an average of 2,586 cross-ties per mile).

This line must be served via the Richmond-to-Indianapolis line which is not recommended for inclusion in the ConRail System.

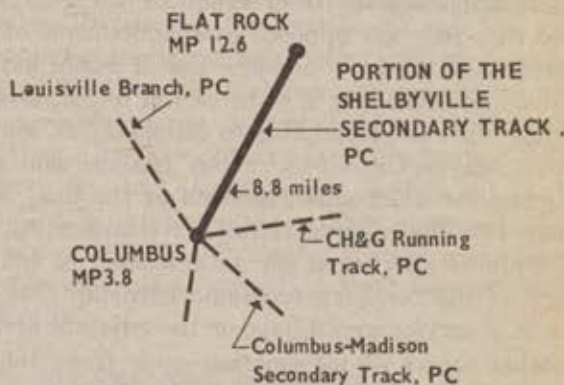
Preliminary Recommendation

It is *not* recommended that this portion of the Anderson-Greensburg Secondary Track be included in the ConRail System.

PORTION OF THE SHELBYVILLE SECONDARY TRACK

USRA Line No. 582

Penn Central



This portion of the Shelbyville Secondary Track, formerly part of the Pennsylvania RR, extends from *Columbus* (Milepost 3.9) to *Flat Rock, Ind.* (Milepost 12.6), a distance of 8.8 miles, in Bartholomew and Shelby Counties, Indiana. Connections include: the PC Louisville Branch and the PC Columbus-Madison Secondary Track at Columbus. These two are under study in this Report. Another connection is the PC CH&G Running Track at Columbus, a portion of this line is under study in this Report. PC has filed for abandonment of this line, Docket No. AB-5 Sub. 57, 58, 59 and USRA has also filed Docket No. 75-53. This line was described as potentially excess in the U.S. DOT Report (see Zone 121).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clifford	16
Flat Rock	41

Total carloads generated by the line	57
Average carloads per week	1.1
Average carloads per mile	6.5
Average carloads per train	1.1
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information received from the Indiana Governor's Rail Task Force indicates that the total carloads and revenues for the PC are well below breakeven cost. The State of Indiana recommends a discontinuation of service unless PC patrons wish to subsidize this line.

Information received from Armuth Farm Service indicates that they are opposed to abandonment of this line because of the gross injustice that it would have on their business. The line is to be served to Milepost 3.8 and they wish to extend this to Milepost 7.0. Max D. Andress, Mayor, City of Columbus, has also sent a letter asking for a 3.5 mile extension of the line. Additionally, U.S. Representative Lee H. Hamilton, 9th District, Indiana, has asked for an extension of the line because of the resulting economic hardship that curtailment of service would have on the adjacent areas.

Another source of information came from John C. Kohl, Trustee of the Philadelphia, Baltimore and Washington Railroad Company, who supports abandonment of this line in the absence of information indicating that traffic will increase.

Information for Line Retention Decision

Revenue received by PC	\$15,078
Average revenue per carload	\$265
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	64,759
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	9,472
Total variable (avoidable) cost	74,231
Net contribution (loss): Total	(59,153)
Average per carload	(1,038)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

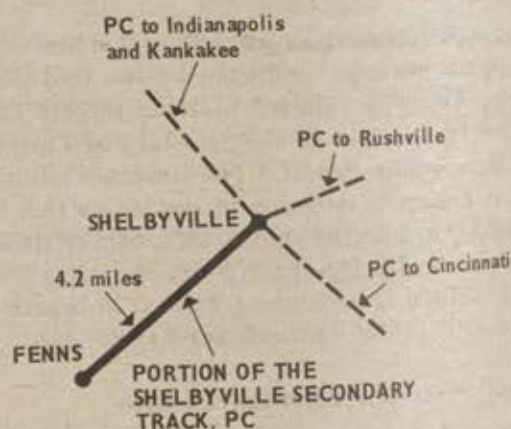
Preliminary Recommendation

It is *not* recommended that this portion of the Shelbyville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$59,153 or \$1,038 per carload. Recovery of costs would require approximately an 11-fold increase in traffic or a 390 percent rate increase over the 1973 levels.

PORTION OF THE SHELBYVILLE SECONDARY TRACK

USRA Line No. 584

Penn Central



This portion of the Shelbyville Secondary Track, formerly part of the Pennsylvania RR, extends from *Fenns* (Milepost 18.8) to *Shelbyville, Ind.* (Milepost 23.0), a distance of 4.2 miles, in Shelby County, Indiana. A continuation of this line extends northeastward from Shelbyville. The continuation is under study in this Report. At Shelbyville this line connects with the PC Cincinnati to Kankakee line. PC has filed for abandonment with the ICC Docket No. AB-5, Sub. 57, 58 and 59 and USRA Docket No. 75-53. This line was described as potentially excess in the U.S. DOT Report (see Zone 122).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Fenns	1
Total carloads generated by the line	1
Average carloads per week	0.02
Average carloads per mile	0.2
Average carloads per train	0.5
1973 operating information:	
Number of round trips per year	2
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there was little public protest to the possible abandonment of this line. Certain-Teed Products Corporation ships over this line and has recently invested \$15,000 for its Shelbyville Plant. Certain-Teed estimated a 15 percent increase in its rail usage. The Governor's Rail Task Force indicated that the line had a \$14,868 operating loss. The Task Force recommended the abandonment of this line due to insufficient traffic and no growth prospects.

Information for Line Retention Decision

Revenue received by PC	\$200
Average revenue per carload	\$200
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	26,750
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	13,757
Cost incurred beyond the branch line	135
Total variable (avoidable) cost	40,642
Net contribution (loss): total	(40,442)
Average per carload	(40,442)

The line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,100 crossties (an average of 500 crossties per mile).

Preliminary Recommendation

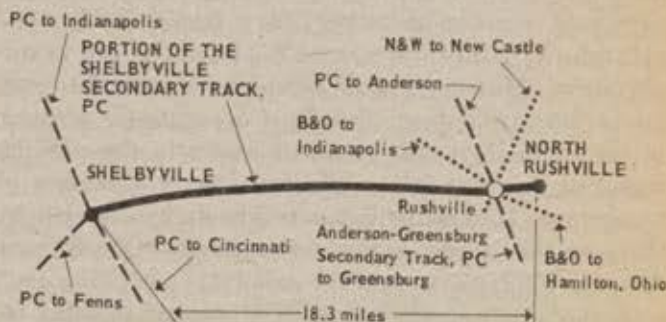
It is not recommended that this portion of the Shelbyville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic,

revenue and cost levels, this line generates an annual excess financial burden amounting to \$40,442 or \$40,442 per carload.

PORTION OF THE SHELBYVILLE SECONDARY TRACK

USRA Line No. 585/586/587

Penn Central



This portion of the Shelbyville Secondary Track, formerly part of the Pennsylvania RR, extends from Shelbyville (Milepost 27.0), to North Rushville, Ind. (Milepost 45.3), a distance of 18.3 miles, in Shelby and Rush Counties, Indiana. A continuation of this line extends southwestward from Shelbyville to Fenns (also under study in this Report). Connections include the Cincinnati to Indianapolis line at Shelbyville and the PC Anderson-Greensburg Secondary Track, the Norfolk & Western Ry., and the Baltimore & Ohio RR, at Rushville. The PC Anderson-Greensburg Secondary Track is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 120 and 122).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Ray's Crossing	17
Manilla	7
Homer	20
Rushville	360
Total carloads generated by the line	404
Average carloads per week	7.8
Average carloads per mile	22.1
Average carloads per train	4.0
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Governor's Rail Task Force described the area's economic activity as agribusiness. They estimated the loss generated by the line to be \$53,600, indicated that the required rehabilitation would cost \$288,000 and therefore recommended abandonment of the line. The USRA shippers file shows that the Schnadig Corp. at Rushville received 35 incoming cars in 1971 and 24 incoming cars in 1972. The company says the poor condition of the line is the reason for its decline in usage. The company notes that the commodities it ships and receives, including heavy density lumber and upholstered furniture, are well suited for rail transportation. Moreover, line abandonment would "certainly jeopardize the Schnadig Corporation's position in receiving their fair share of access to the nation's furniture markets." The Shelby County Chamber of Commerce, Inc. contends that this line is needed by three of the largest industries at Shelbyville, General Electric, KCL Corp., and the Admiral Corp. Moreover, continued rail service is needed if several possible industrial sites are to be developed. USRA studies show no fossil fuel reserves in the area. Alternate rail service is available at Rushville from the B&O and the N&W. Shelbyville can be served off of the Indianapolis to Cincinnati line.

Information for Line Retention Decision

Revenue received by PC.....	\$93,646
Average revenue per carload.....	\$232
Variable (avoidable) cost of continued services:	
Cost incurred on the branch line.....	191,495
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	51,006
Cost incurred beyond the branch line.....	54,397
Total variable (avoidable) cost.....	296,898
Net contribution (loss): Total.....	(203,252)
Average per carload.....	(503)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 9,150 crossties (an average of 500 crossties per mile).

Preliminary Recommendation

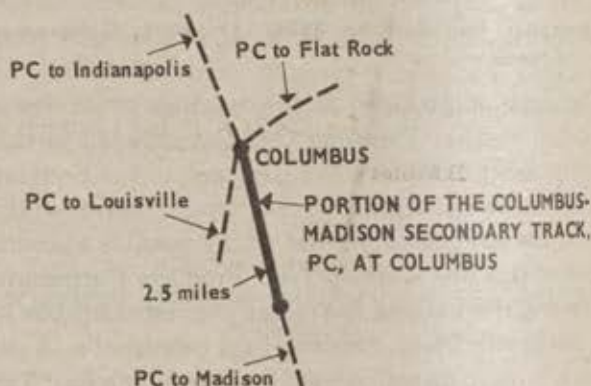
It is *not* recommended that this portion of the Shelbyville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$203,252 or \$503

per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 220 percent rate increase over the 1973 levels.

COLUMBUS-MADISON SECONDARY TRACK

USRA Line No. 588a

Penn Central



This portion of the Columbus-Madison Secondary Track, formerly part of the Pennsylvania RR, is at Columbus, Milepost 0.0 to Milepost 2.5, a distance of 2.5 miles, in Bartholomew County, Indiana. A continuation of this line extends southward from Columbus; which is also under study in this Report. Connections include: the PC Louisville Branch, the PC Shelbyville Secondary Track. These lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 121).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that a portion of the line between Columbus, Indiana and Madison, Indiana is out of service. No specific comments were made about this short segment of track.

Information for Line Retention Decision

There are eight shippers clustered on this short 2.5 mile segment. The segment is, in fact, an industrial siding from the Indianapolis to Louisville through freight line.

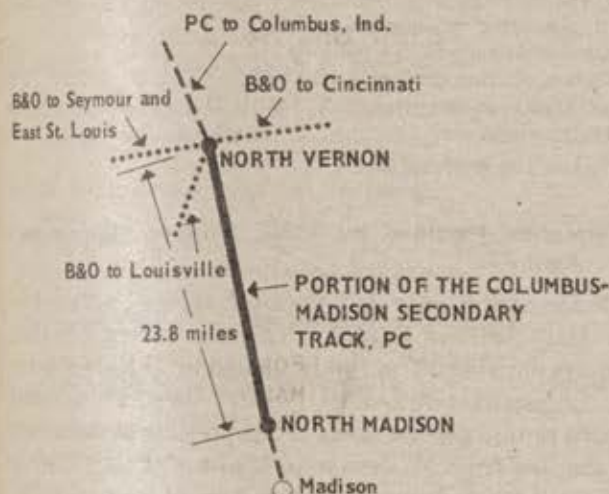
Preliminary Recommendation

It is recommended that this portion of the Columbus-Madison Secondary Track be included in the ConRail System.

PORTION OF THE COLUMBUS-MADISON SECONDARY TRACK

USRA Line No. 589

Penn Central



This portion of the Columbus-Madison Secondary Track, formerly part of the Pennsylvania RR, extends from North Vernon (Milepost 19.1) to North Madison, Ind. (Milepost 42.9), a distance of 23.8 miles, in Jennings and Jefferson Counties, Indiana. Continuations of this line extend northwestward from North Vernon and southeastward from North Madison. These continuations are also under study in this Report. Connections at North Vernon include the Baltimore & Ohio Main Line, and a B&O branch to Jeffersonville, Ind., and Louisville, Ky. A portion of the PC extension from North Vernon to Columbus is out of service, and PC is presently operating via its Louisville Branch to Seymour, thence via the B&O to North Vernon. This line was described as potentially excess in the U.S. DOT Report (see Zone 121).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
North Vernon	69
Vernon	47
DoPont	0
Wirt	73
North Madison	2
Madison ¹	804
Total carloads generated by the line	
Average carloads per week	19.1
Average carloads per mile	41.8
Average carloads per train	4.0
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	9.8
Locomotive horsepower	1,200
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated heavy public protest concerning possible abandonment of the line from North Vernon to Madison. (Madison is on the Indiana-Ohio border just to the south of North Madison). This is the only rail link to Madison, a manufacturing town of 25,000. The Transportation Committee of the Madison Chamber of Commerce emphasized that the potential exists to double rail use on the line if service were improved. The Chamber said that 1973 traffic data for 26 Madison-area shippers showed about 52 carloads per mile. The Indiana and Michigan Electric Co. at Jefferson needs rail service to move transformer oil and heavy equipment. The U.S. Army, Jefferson Proving Ground, also ships heavy equipment. Testimony stated that the Clifty Creek Power Plant of the Indiana-Kentucky Electric Corp. in Madison supplies electric power to the U.S. Atomic Energy Commission's gaseous diffusion plant near Portsmouth, Ohio and argues that there is no satisfactory alternative to transporting heavy machinery by rail. Furthermore, it is seeking to sell millions of tons of ash that it has reclaimed from the coal it consumes. Railroads provide it with the flexibility needed to reach markets for this material. Other companies said there is no alternative to rail for meeting their transportation needs. The Governor's Rail Task Force analyzed the line from Columbus to Madison, almost twice as long as the North Vernon to North Madison segment. It says that "the Columbus to Madison line is a 45-mile line but is not operated as such. A bridge is out at Scipio necessitating local service on an as needed basis for that station. The same applies for Elizabethtown. In serving Madison, therefore, the line actually runs over USRA segment 619 to Seymour, then over the Chessie (B&O) tracks to North Vernon and then to Madison. "The circuitous routing," the Task Force says, "is detrimental to the viability of the North Vernon-Madison line. Beyond the above, industries currently located in Madison need to have rail service due to the size of products produced. Based on the profitability of this line, the State recommends its inclusion in the Final System Plan and transfer to ConRail," the Task Force said. The USRA shippers' file noted that Rexnord, Inc. manufacturers highway construction machinery and needs rail service both for incoming material and outgoing products. USRA studies show no fossil fuel resources in this area.

Information for Line Retention Decision

Revenue received by PC	\$284,738
Average revenue per carload	\$286

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	324,553
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost) ..	59,029
Cost incurred beyond the branch line.....	161,592

Total variable (avoidable) cost..... 545,174

Net contribution (loss): total..... (260,436)
Average per carload..... (262)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 11,715 crossties (an average of 492 crossties per mile).

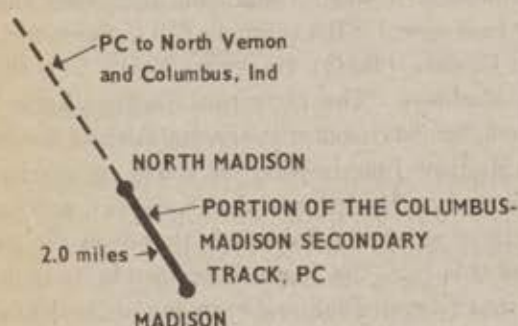
Preliminary Recommendation

It is *not* recommended that this portion of the Columbus to Madison secondary track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$260,436 or \$262 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 90 percent rate increase over the 1973 levels.

PORTION OF THE COLUMBUS-MADISON SECONDARY

USRA Line No. 590

Penn Central



This portion of the Columbus-Madison Secondary Track, formerly part of the Pennsylvania RR, extends from North Madison (Milepost 42.9) to Madison, Ind. (Milepost 44.9), a distance of 2.0 miles, in Jefferson County, Indiana. Madison is the end of this line. The continuation of this line extends northwestward from North Madison, and is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 121).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Madison¹ 178

Total carloads generated by the line..... 178

Average carloads per week..... 3.4

Average carloads per mile..... 89.0

Average carloads per train..... 3.4

1973: operating information:

Number of round trips per year..... 52

Estimated time per round trip (hours)..... 3

Locomotive horsepower..... 1,200

Train crew size..... 5

¹ Include only traffic segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated heavy public protest concerning possible abandonment of the line from N. Vernon to Madison. This is the only rail link to Madison, a manufacturing town of 25,000, the Report observed. The Transportation Committee of the Madison Chamber of Commerce emphasized that the potential exists to double rail use on the line if service were improved. The Chamber said that 1973 traffic data for 26 Madison-area shippers showed about 52 carloads per mile. The Indiana and Michigan Electric Co. at Jefferson needs rail service to move transformer oil and heavy equipment. The U.S. Army, Jefferson Proving Ground, also ships heavy equipment, the Report notes. The Clifty Creek Power Plant of the Indiana Kentucky Electric Corp. in Madison supplies electric power to the U.S. Atomic Energy Commission's gaseous diffusion plant near Portsmouth, Ohio, the Report said, and argues that there is no satisfactory alternative to transporting heavy machinery by rail. Furthermore, it is seeking to sell millions of tons of ash that it has reclaimed from the coal it consumes. Railroads provide it with the flexibility needed to reach markets for this material. Other companies said there is no alternative to rail for meeting their transportation needs. The Governor's Rail Task Force analyzed the line from Columbus to Madison, almost twice as long as the N. Vernon to N. Madison segment and much longer than N. Madison to Madison. It says that the Columbus to Madison line is a 45-mile line but is not operated as such. A bridge is out at Scipio necessitating local service on an as needed basis for that station. The same applies for Elizabethtown. In serving Madison, therefore, the line actually runs over segment 619 to Seymour, then over the Chessie (B&O) tracks to North Vernon and then to Madison. "The circuitous routing," the task force says, "is detrimental to the viability of the North Vernon-Madison Line. Beyond the above, industries currently located in Madison need to have rail service due to the

size of products produced. Based on the profitability of this line, the state recommends its inclusion in the Final System Plan and transfer to ConRail," the Task Force said. The USRA shippers' file noted that Rexnord, Inc. manufactures highway construction machinery and needs rail service both for incoming material and outgoing products.

Information for Line Retention Decision

Revenue received by PC.....	\$53,222
Average revenue per carload.....	\$290
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	29,728
Cost of upgrading branch line to FRA class	
I: (1/10 of total upgrading cost).....	6,830
Cost incurred beyond the branch line.....	31,094
Total variable (avoidable) cost.....	67,652
Net contribution (loss): total.....	(14,430)
Average per carload.....	(81)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,278 cross-ties (an average of 639 cross-ties per mile). USRA studies show no fossil fuel resources in this area.

Preliminary Recommendation

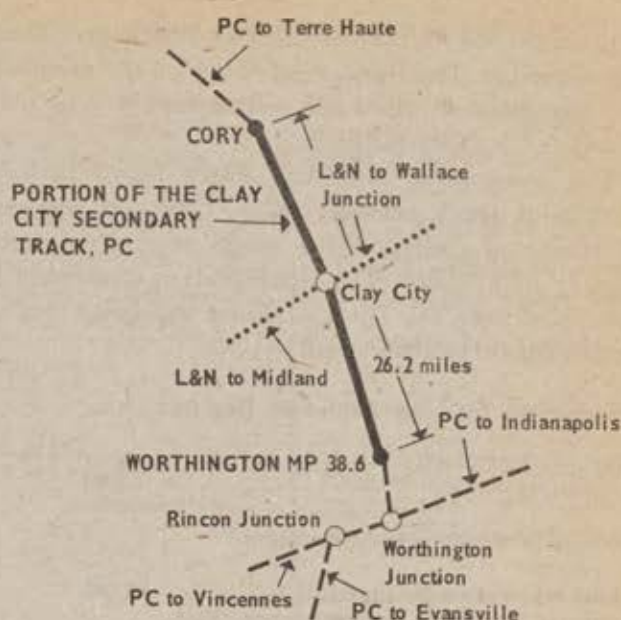
It is not recommended that this portion of the Columbus-Madison Secondary Track be included in the Con-Rail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$14,430 or \$81 per carload. Recovery of costs would require approximately a 65 percent increase in traffic or a 25 percent rate increase over the 1973 levels.

PORTION OF CLAY CITY SECONDARY TRACK

USRA Line No. 591

Penn Central

This portion of the Clay City Secondary Track, formerly part of the New York Central RR, extends from Cory (Milepost 12.4) to Worthington, Ind. (Milepost 38.6), a distance of 26.2 miles, in Clay, Owen and Greene Counties, Ind. A continuation of this line extends northwestward from Cory and southeastward



from Worthington to Worthington Junction. Connections are: a Louisville & Nashville branch to Wallace Junction & Midland at Clay City and the PC Petersburg Secondary Track at nearby Worthington Junction. The latter is also under study in this Report. PC has filed for abandonment to the ICC Docket No. AB-5, Sub. 151. This line was described as potentially excess in the U.S. DOT Report (see Zone 123 and 125).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Riley	0
Cory	15
Clay City	54
Lancaster	2
Coal City	0
Mancourt	5
Total carloads generated by the line.....	76
Average carloads per week.....	1.5
Average carloads per mile.....	2.9
Average carloads per train.....	1.5
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	6
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Clay County Farm Bureau's operation at Clay City generates 26 cars inbound and 49 outbound, with

a potential for 35 cars inbound and between 100 and 250 outbound. The Bureau hopes that in the event of a PC abandonment, the L&N will consent to switch the Bureau's Clay City facilities.

The Governor's Rail Task Force found that the stretch of track between Riley (Milepost 10) and Worthington (Milepost 40) would require an annual subsidy of \$115,956. The rehabilitation costs were estimated at \$468,000. The Task Force concluded that the branch should be abandoned.

Information for Line Retention Decision

Revenue received by PC	\$19,098
Average revenue per carload	\$251
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	186,965
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	59,406
Cost incurred beyond the branch line	12,748
Total variable (avoidable) cost	259,119
Net contribution (loss): total	(240,021)
Average per carload	(3,158)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 10,296 cross-ties (an average of 393 cross-ties per mile).

An evaluation of coal reserves by USRA staff indicated that there are no recoverable reserves between Clay City and Worthington. However, there are proven reserves along the right-of-way between Greenwood and Cory (see Segment 591a). Amax Coal Co. and their Chinook Mine are currently loading coal at Riley for movement to American Electric Power Co. at Breed near Sullivan, Indiana. This coal actually moves all the way via the L & N. The L & N leases the right-of-way between Milepost 5 and Milepost 12.4 (Riley) and has already upgraded the track along this segment.

Preliminary Recommendation

It is *not* recommended that this portion of the Clay City Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$240,021 or \$3,158 per carload. Recovery of costs would require approximately a thirty eight-fold increase in traffic or a 1,258 percent rate increase over the 1973 levels.

PORTION OF THE PETERSBURG SECONDARY TRACK

USRA Line No. 593

Penn Central



This portion of the Petersburg Secondary Track, formerly part of the Pennsylvania RR, extends from Martinsville (Milepost 30.6) to Rincon Junction, Ind. (Milepost 73.8), a distance of 43.2 miles, in Morgan, Owen, and Greene Counties, Indiana. Continuations of this line extend northward from Martinsville and southwestward from Rincon Jct. The Petersburg section angles to the south from Rincon Jct. All lines are under study in this Report. Connections include: the Louisville & Nashville at Gosport (Milepost 44.1); the PC Clay City Secondary Track at Worthington (Milepost 72.3); and the PC Vincennes Secondary Track at Rincon Junction. This line was described as potentially excess in the U.S. DOT Report (see Zones 122 and 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Paragon	11
Gosport	0
Gosport Junction	0
Romona	0
Spencer	1,361
Freedom	1
Worthington	22
Total carloads generated by the line	1,395
Average carloads per week	26.8
Average carloads per mile	32.3
Average carloads per train	5.6
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	12
Locomotive horsepower	7,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated con-

cern over the ability of coal from southern Indiana's mines to move north into the Indianapolis area, among others, if this PC line were dropped. There also was concern expressed about the ability of shippers in general in southwestern Indiana to maintain adequate rail access to other parts of the state. The Peabody Coal Co. noted that its Lynnville Mine is the largest coal producing mine in Indiana and the 10th largest in the country. The Indianapolis Power and Light Co. received over 2 million tons of coal at Petersburg from the Lynnville Mine and 229,251 tons of coal at its Stout Station in Indianapolis from the Lynnville Mine. A submission by the Spencer Chamber of Commerce indicates the city, along with many other small cities all along the line, would be adversely affected by abandonment.

Information for Line Retention Decision

Revenue received by PC.....	\$120,629
Average revenue per carload.....	\$86
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	654,983
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	114,040
Total variable (avoidable) cost.....	769,023
Net contribution (loss) total.....	(648,394)
Average per carload.....	(465)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). USRA studies confirm that this line carries substantial amounts of coal from southern Indiana.

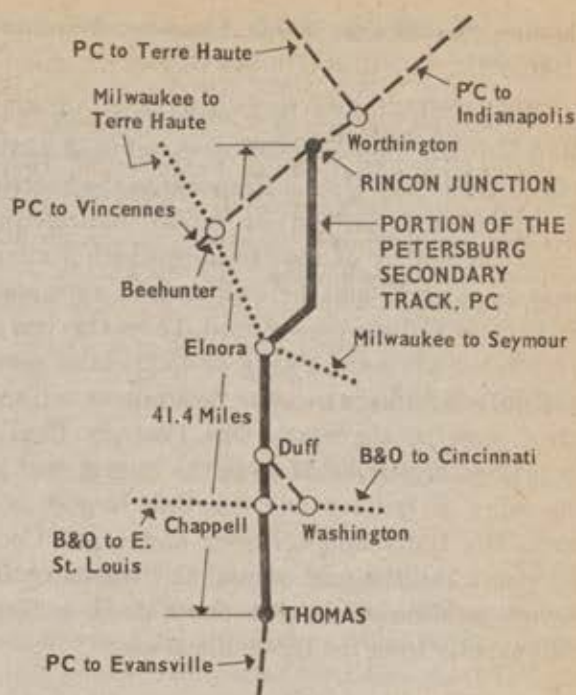
Preliminary Recommendation

It is not recommended that this the portion of Petersburg Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. The possibility of trackage rights around this line will be explored.

PORTION OF THE PETERSBURG SECONDARY TRACK

USRA Line No. 593a

Penn Central



This portion of the Petersburg Secondary Track, formerly part of the New York Central RR, extends from *Rincon Junction* (Milepost 41.2) to *Thomas, Ind.* (Milepost 82.6), a distance of 41.4 miles, in Greene and Daviess Counties, Ind. Continuations of this line extend northeastward from *Rincon Junction* and southwestward from *Thomas*. Both of these are also under study in this Report. Connections include: the Chicago-Milwaukee St. Paul & Pacific to Terre Haute at Elnora (Milepost 61.2), and the Baltimore & Ohio Main Line at Chappell (Milepost 78.8). Another connection is the Vincennes Secondary Track at Rincon Junction, which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Newberry	7
Elnora	67
Plainville	5
Graham	108
Jordan	6
Thomas	1
Total carloads generated by the line.....	194
Average carloads per week.....	3.7
Average carloads per mile.....	4.7
Average carloads per train.....	0.8
1973 operating information:	
Number of round trips per year.....	250
Estimated time per round trip (hours).....	12
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated concern over the ability of coal from southern Indiana's mines to move north into the Indianapolis area, among others, if this PC line were dropped. There also was concern expressed about the ability of shippers in general in southwestern Indiana to maintain adequate rail access to other parts of the State. The Peabody Coal Co. noted that its Lynnville Mine is the largest coal producing mine in Indiana and the 10th largest in the country. The Indianapolis Power and Light Co. received over 2 million tons of coal at Petersburg from the Lynnville Mine and 229,251 tons at its Stout Station in Indianapolis from the Lynnville Mine.

Information for Line Retention Decision

Revenue received by PC	\$58,924
Average revenue per carload	\$304
Available (avoidable cost of continued service:	
Cost incurred on the branch line	445,327
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	34,712
Total variable (avoidable) cost	480,039
Net contribution (loss): total	(421,115)
Average per carload	(2,171)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). USRA studies confirm that this line carries substantial amounts of coal from southern Indiana.

This line is required to serve USRA segments 593b, 594 and 595. Shippers located on this line will continue to receive service.

Recommendation

It is recommended that this portion of the Petersburg Secondary Track be included in the ConRail System.

PORTION OF PETERSBURG SECONDARY TRACK

USRA Line No. 593b

Penn Central



This portion of the Petersburg Secondary Track, formerly part of the New York Central RR, extends from Thomas (Milepost 82.6), to Buckskin, Ind. (Milepost 115.2), a distance of 32.6 miles, in Daviess, Pike and Gibson Counties, Indiana. Continuation of this line extends northward from Thomas and southward from Buckskin. These continued portions are also under study in this Report. Connections include: the Southern to Louisville at Oakland City; the Algers, Winslow & Western Ry. at Gray Junction (Milepost 107.2) and the PC Lynnville Secondary Track at Buckskin. This PC line is also under study in this Report. This line from Oakland to Thomas was not described as potentially excess in the U.S. DOT Report (see Zone 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bennett	0
Petersburg	15,422
Ashby	0
Little	41
Oakland City	27,855
Oakland City Junction	121
Kerwin	19
Mackey	0
Buckskin	0
Tecumseh	0
Total carloads generated by the line	43,458
Average carloads per week	831.9
Average carloads per mile	1,328.9
Average carloads per train	81.6
1973 operating information:	
Number of round trips per year	530
Estimated time per round trip (hours)	8.1
Locomotive horsepower	3,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated concern over the ability of coal from southern Indiana's mines to move north into the Indianapolis area, among others, if this PC line were dropped. There also was concern expressed about the ability of shippers in general in southwestern Indiana to maintain adequate rail access to other parts of the state. The Peabody Coal Co. noted that its Lynnville Mine is the largest coal producing mine in Indiana and the 10th largest in the country. The Indianapolis Power and Light Co. received over 2 million tons of coal at Petersburg from the Lynnville Mine and 229,251 tons of coal at its Stout Station in Indianapolis from the Lynnville Mine.

Information for Line Retention Decision

Revenue received by PC	\$6,603,148
Average revenue per carload	\$153
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	1,286,784
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	4,099,757
Total variable (avoidable) cost	5,386,541
Net contribution (loss): total	1,216,607
Average per carload	28

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). USRA studies confirm that this line carries substantial amounts of coal from southern Indiana.

Recommendation

It is recommended that this portion of the Petersburg Secondary Track be included in the ConRail System.

PORTION OF THE PETERSBURG SECONDARY TRACK

USRA Line No. 594/594a

Penn Central

This portion of the Petersburg Secondary Track, formerly part of the New York Central RR, extends from *Buckskin* (Milepost 115.2), to *Evansville, Ind.* (Straight Line Junction) (Milepost 130.9), a distance



of 15.7 miles, in Gibson, Warrick and Vanderburgh Counties, Indiana. A continuation of this line extends northeastward from Buckskin, which is also under study in this report. Connections include: the PC Lynnville Secondary Track at Buckskin, the Evansville Secondary Track at Evansville, the Southern Railway crosses at Straight Line Junction, and the Louisville and Nashville and the Illinois Central Gulf at Evansville. All PC lines are under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zones 123 and 124).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Evansville	14,432
Elberville	7
Daylight	44
Total carloads generated by the line	14,483
Average carloads per week	278.5
Average carloads per mile	922.5
Average carloads per train	7.9
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	9.5
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Whirlpool Corp. believes its experience in Evansville has proven beyond any doubts that the L&N, Southern and ICG could not, without major realignment of manpower, motive power and equipment, serve the needs of its manufacturing-warehousing complex. Whirlpool's traffic alone constitutes well over half the traffic density which the DOT Report attributed to the line. The company stated that substantially higher volumes would be

generated if substandard track conditions were corrected. The Report said the Governor's Rail Task Force did not analyze this line because at the time it was not under study by USRA. The USRA shippers' files show concern that solvent railroads which would continue in operation if the Penn Central line is dropped might not be able to handle the Evansville traffic, that Evansville's status as an inter-regional gateway might be eroded.

Information for Line Retention Decision

Revenue received by PC	\$4,647,974
Average revenue per carload	\$321
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	559,987
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	23,873
Cost incurred beyond the branch line	3,055,894
Total variable (avoidable) cost	3,639,754
Net contribution (loss): total	1,008,220
Average per carload	70

The line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of 2,720 crossties (an average of 173 crossties per mile). USRA studies show that coal reserves are found only along the northern extension of this line.

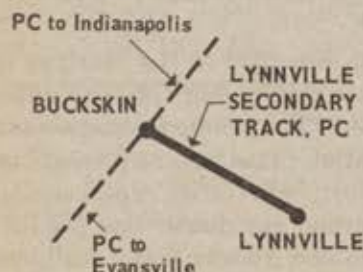
Recommendation

It is recommended that this portion of the Petersburg Secondary Track be included in the ConRail System.

LYNNVILLE SECONDARY TRACK

USRA Line No. 595

Penn Central



The Lynnville Secondary Track, formerly part of the New York Central RR, extends from Bucks Skin (Mile-

post 0.0), to Lynnville, Ind. (Milepost 7.8), a distance of 7.8 miles, in Gibson and Warrick Counties, Indiana. At Bucks Skin, this line connects with the PC Petersburg Secondary Track, which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report: (see Zones 123 and 124).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bucks Skin	2
Suntec Spur	26,231
Total carloads generated by the line	26,233
Average carloads per week	504.2
Average carloads per mile	3,361.9
Average carloads per train	39.0
1973 operating information:	
Number of round trips per year	265
Estimated time per round trip (hours)	6.0
Locomotive horsepower	6,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Peabody Coal Company's Lynnville coal mine is the largest coal producing mine in Indiana and the tenth largest producing mine in the country. The Company's capital investment at the site is tremendous, the Report said. Peabody estimated that it would require 480 trucks each day, six days a week, to carry the coal the company now ships by rail from the Lynnville Mine. The Indianapolis Power and Light Co. received over 2 million tons at Petersburg from the Lynnville Mine via a direct PC haul through Oakland City to Petersburg. In 1973, Indianapolis Power also received 229,251 tons of coal at its Stout Station plant in Indianapolis from the Lynnville Mine. The Governor's Rail Task Force lists total branch costs as \$18,785, freight revenue as \$3,433,242. It calls the line perhaps the most viable branch line in the State of Indiana. Based on its viability and fossil fuel role, the State recommends continuation of service on this line and its inclusion in the new ConRail System.

Information for Line Retention Decision

Revenue received by PC	\$3,411,395
Average revenue per carload	\$130
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	611,285
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	
Cost incurred beyond the branch line	2,397,311
Total variable (avoidable) cost	3,008,596

Net contribution (loss): total	402,796
Average per carload	15

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). The USRA staff has confirmed the existence of the Peabody coal traffic on this branch.

Recommendation

It is recommended that the Lynnville Secondary Track be included in the ConRail System.

DUFF RUNNING TRACK

USRA Line No. 596

Penn Central



The Duff Running Track, formerly part of the New York Central Railroad, extends from *Duff Junction* (Milepost 77.6), to *Washington, Indiana* (Milepost 80.0), a distance of 2.4 miles, in Daviess County, Indiana. At Duff Junction, this line connects with the PC Petersburg Secondary Track, which is also under study in this Report. Another connection is with the Baltimore & Ohio Cincinnati-East St. Louis line at Washington. PC has filed for abandonment with the ICC (Docket No. AB-5, Sub. 91). This line was not described as potentially excess in the U.S. DOT Report (see Zone 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Washington	85
Total carloads generated by the line	85
Average carloads per week	1.6
Average carloads per mile	37.0
Average carloads per train	1.6

1973 operating information:

Number of round trips per year	52
Estimated time per trip (hours)	1.5
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information received from the PC indicates that Whirlpool in Evansville, Indiana uses this track as an indirect route to Evansville. Apparently, because of service reasons, traffic is routed to Washington via Baltimore & Ohio and then to Evansville via PC route to Washington, Duff Junction, Evansville. The firm generates 2,000 or more cars per year.

The Governor's Rail Task Force recommends that the line be retained because traffic was of sufficient quantity to generate a substantial profit in 1973. The Task Force estimated Penn Central revenue from this line at \$17,062, costs at \$7,514, and profit at \$9,548.

Information for Line Retention Decision

Revenue received by PC	\$16,618
Average revenue per carload	\$196

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	26,327
Cost of upgrading branch line to FRA class	
I (1/10 of total upgrading cost)	8,932
Cost incurred beyond the branch line	14,939

Total variable (avoidable) cost	50,198
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Net contribution (loss): Total	(33,580)
Average per carload	(395)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,150 crossties (an average of 500 crossties per mile).

An evaluation of coal reserves by USRA staff indicates that this line is currently used as an interchange route for some coal shipments.

Preliminary Recommendation

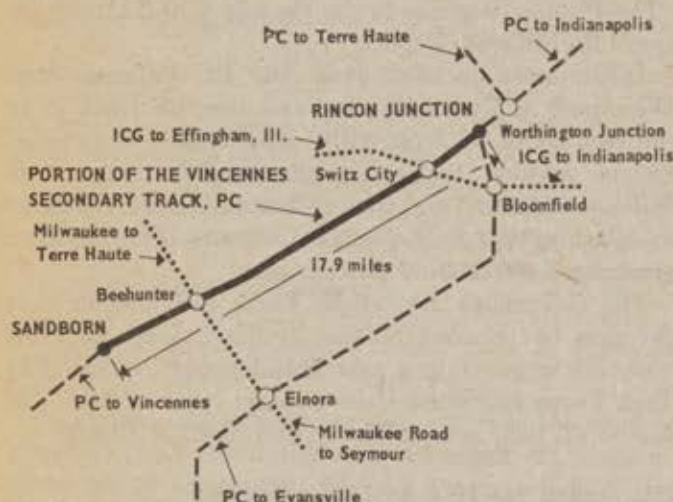
It is *not* recommended that the Duff Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$33,580 or \$395 per carload. Recovery of costs would require approximately a twenty-fold in-

crease in traffic or a 200 percent rate increase over the 1973 levels.

PORTION OF THE VINCENNES SECONDARY TRACK

USRA Line No. 597

Penn Central



This portion of the Vincennes Secondary Track, formerly part of the Pennsylvania RR, extends from *Rincon Junction* (Milepost 73.8), to *Sandborn, Ind.* (Milepost 91.7), a distance of 17.9 miles, in Greene and Knox Counties, Indiana. A continuation of this line extends southwestward from Sandborn; it is also under study in this Report. Connections include: the PC Petersburg Secondary Track at Rincon Junction; the Illinois Central Gulf RR to Indianapolis and Effingham, Illinois, at Switz City; and the Chicago, Milwaukee, St. Paul and Pacific RR to Terre Haute and Seymour at Beehunter. The PC line is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Switz City	22
Lyons	5
Bushrod	25
Beehunter	21

Total carloads generated by the line	73
Average carloads per week	1.4
Average carloads per mile	4.2
Average carloads per train	1.4
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	8
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line is a major through-route for coal shipments and curtailment of service would necessitate a virtually impossible switch to motor carriers. Miami County Circuit Judge John L. Niblack pointed out that the PC delivers 640,000 tons of coal to the Martinsville plant using a switch at Sandborn. The only alternative to this route is a line that needs rehabilitating. He also noted the loss of tax revenues to the communities should the railroads abandon operations.

Other testimony expounded on the large shipments of coal and the inherent problems that would arise due to a switch to another transportation mode.

Additionally, the Greene County Farm Cooperative Association emphasized the necessity of rail service to the agriculture industry.

Information for Line Retention Decision

Revenue received by PC	\$14,974
Average revenue per carload	\$205
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	160,778
Cost of upgrading branch line to FRA class	
I (1/10 of cost upgrading cost)	30,254
Cost incurred beyond the branch line	11,702
Total variable (avoidable) cost	211,824
Net contribution (loss): total	(196,850)
Average per carload	(2,696)

This line would require minimum upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standard (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 7,242 crossties (an average of 404 crossties per mile).

An evaluation of coal reserves by USRA staff confirms that this line is currently used as a through-route for coal shipments.

The portion of this line between Sandborn and Switz City is required to serve USRA segment 598.

Preliminary Recommendation

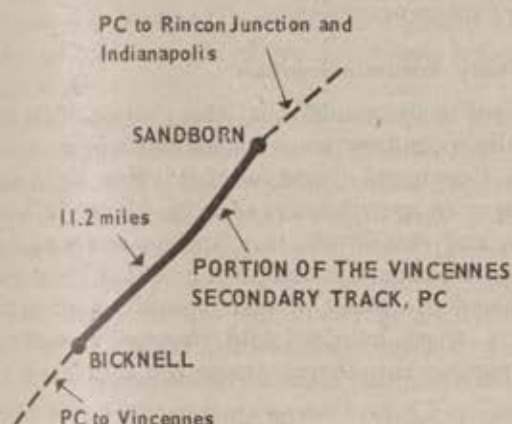
It is recommended that the portion of the Vincennes Secondary Track between Sandborn and Switz City be included in the ConRail System.

It is not recommended that the portion of the Vincennes Secondary Track between Switz City and Rincon Junction be included in the ConRail System.

PORTION OF THE VINCENNES SECONDARY TRACK

USRA Line No. 598

Penn Central



This portion of the Vincennes Secondary Track, formerly part of the Pennsylvania RR, extends from Sandborn (Milepost 91.7) to Bicknell, Ind. (Milepost 102.9), a distance of 11.2 miles, in Knox County, Ind. Continuations of the line extend northeastward from Sandborn and southwestward from Bicknell. Both are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 123).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sandborn	14,379
Westphalia	1
Edwardsport	308
Bicknell	92
Hawthorne	10

Total carloads generated by the line	14,550
Average carloads per week	270.9
Average carloads per mile	1,257.5
Average carloads per train	93.9
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	4.0
Locomotive horsepower	7,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

The Governor's Rail Task Force indicates that PC earns \$207,785 in freight revenues as compared to \$97,422 in branch costs equaling a \$190,112 estimated profit. Total rehabilitation costs totaled \$240,000. The total annual

traffic over this line was 971 carloads or 37 cars per mile. There is also an electrical generation facility on the line. For these reasons and others mentioned about USRA Line No. 597, the Task Force recommends inclusion of this line in the Final System Plan.

Information for Line Retention Decision

Revenue received by PC	\$2,151,331
Average revenue per carload	\$153

Variable (avoidable) cost on continued Service:

Cost incurred on the branch line	449,309
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	42,957
Cost incurred beyond the branch line	1,469,315

Total variable (avoidable) cost	1,961,581
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Net contribution (loss): total	189,750
Average per carload	13

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,720 crossties (an average of 600 crossties per mile). An evaluation of coal reserves by USRA staff confirms that this line is used to move coal to Edwardsport.

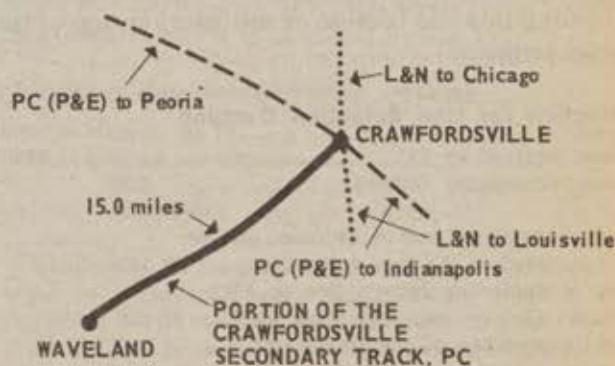
Recommendation

It is recommended that this portion of the Vincennes Secondary Track be included in the ConRail System.

PORTION OF THE CRAWFORDSVILLE SECONDARY TRACK

USRA Line No. 602

Penn Central



This portion of the Crawfordsville Secondary Track, formerly part of the Pennsylvania RR, extends from Waveland (Milepost 37.0), to Crawfordsville, Ind.

(Milepost 52.0), a distance of 15.0 miles, in Montgomery County, Indiana. Continuations of this line did extend northeastward from Crawfordsville and southwestward from Waveland. These continuations have been abandoned. There are two connections on this line. They are the PC Peoria & Eastern line, and the Louisville & Nashville Chicago-Louisville line, both at Crawfordsville. The PC line is also under study in this Report. The PC has filed for abandonment of this line with the ICC and USRA (Finance Docket No. 26784; USRA Docket No. 75-50). This line was described as potentially excess in the U.S. DOT Report (see Zone 126).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Crawfordsville ¹	3
Waveland	0

Total carloads generated by the line

Average carloads per week

Average carloads per mile

Average carloads per train

1973 operating information:

Number of round trips per year

Estimated time per round trip (hours)

Locomotive horsepower

Train crew size

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

The Governor's Rail Task Force recommends abandonment of this line due to insufficient traffic. A letter received from Otis R. Bowen, M.D., Governor of the State of Indiana, substantiated the Rail Task Force's opinion, and additionally, it noted that total 1973 shipments on this line were 7 carloads.

A letter received from Harold B. Taylor of West Lafayette, Ind., indicated that he is in favor of abandoning this line because of the deterioration of the railroad property.

Information for Line Retention Decision

Revenue received by PC

Average revenue per carload

Variable (avoidable) cost of continued service

Cost incurred on the branch line

Cost of upgrading branch line to FRA

class I (1/10 of total upgrading cost)

Cost incurred beyond the branch line

Total variable (avoidable) cost

Net contribution (loss) total

Average per carload

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 10,365 crossties (an average of 691 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Crawfordsville secondary track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$137,718 or \$45,906 per carload. Recovery of costs would require approximately a three hundred-fold increase in traffic or a 18,145 percent rate increase over the 1973 levels.

PORTION OF THE COLUMBUS TO LOUISVILLE LINE

USRA Line No. 619

Penn Central



This portion of the Columbus to Louisville Line, formerly part of the Pennsylvania RR, extends from Franklin (Milepost 20.0) to Columbus, Ind. (Milepost 40.5) a distance of 20.5 miles, in Johnson and Bartholomew Counties, Indiana. Continuations of this line extend northward from Franklin to Indianapolis and southward from Columbus to Jeffersonville and Louisville. The latter portion is also under study in this Report. Connections at Columbus include: the PC Shelbyville Secondary Track to Flat Rock and the PC Columbus-Madison Secondary Track also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 121 and 122).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that most objections to curtailment of service centered on the discontinuance of service from Indianapolis to Louisville.

The Edinburg Chamber of Commerce is vehemently opposed to any discontinuance of rail service. According to the Chamber, the possibility exists that over 1,200 people would lose their jobs. Three firms from Edinburg agreed wholeheartedly with the Chamber. Community Grain, Inc. of Edinburg, with capital investments of \$.5 million, are fearful of losing their business if rail service is discontinued. Huntington Creek Corp., DBA Lotus Warehouses estimates that the cost of relocating a new elevator would cost over \$.5 million. The American Walnut Association noted that 3 firms at Edinburg are responsible for shipping 41 percent of the domestic and export walnut veneer. The increased costs attributed to the switch to truck freight service would affect their ability to compete. Congressman William G. Bray termed the impact of abandonment on Edinburg disastrous. He added that Edinburg generates 2,675 cars per year and one firm is delaying expansion pending determination of the line's status.

The Governor's Rail Task Force indicates that PC earned \$486,101 in freight revenues as opposed to \$78,897 in branch costs equalling a \$407,211 estimated profit. The total annual traffic over this line totaled 1,935 carloads or 92 cars per mile. This section of track is also used by Amtrak for north-south passenger service. For these reasons and those mentioned above, the Task Force feels that this line warrants inclusion into the Final System Plan.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

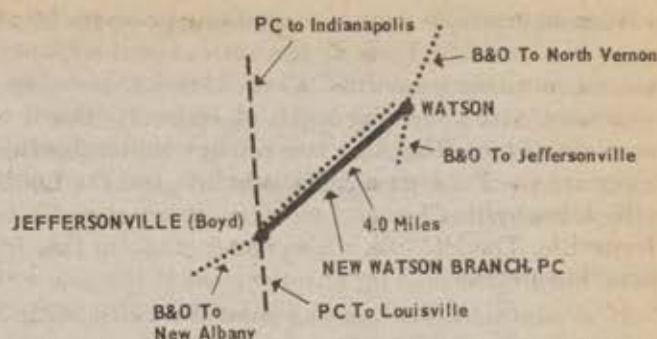
It is recommended that this portion of the Columbus to Louisville Line be included in the ConRail System.

NEW WATSON BRANCH

USRA Line No. 621

Penn Central

The New Watson Branch, formerly part of the Pennsylvania RR, extends from Jeffersonville (Milepost 0.0)



to Watson, Ind. (Milepost 4.0), a distance of 4.0 miles, in Clark County, Ind. This line connects with the following lines: the PC Louisville Branch, the PC New Albany Branch and the B&O to North Vernon at Jeffersonville. It also connects with the Baltimore & Ohio to Vernon at Watson. The PC lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 205).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Charlestown	548
Watson	0

Total carloads generated by the line	548
Average carloads per week	10.5
Average carloads per mile	137.0
Average carloads per train	8.7
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	3
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Indiana Army Ammunition Depot at Charlestown owns the track from Watson to Charlestown, but it is switched by the PC.

Information for Line Retention Decision

Revenue received by PC	\$248,379
Average revenue per carload	\$453

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	57,038
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	9,036
Cost incurred beyond the branch line	118,970

Total variable (avoidable) cost: 185,053

Net contribution (loss): total	63,326
Average per carload	116

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 500 crossties per mile).

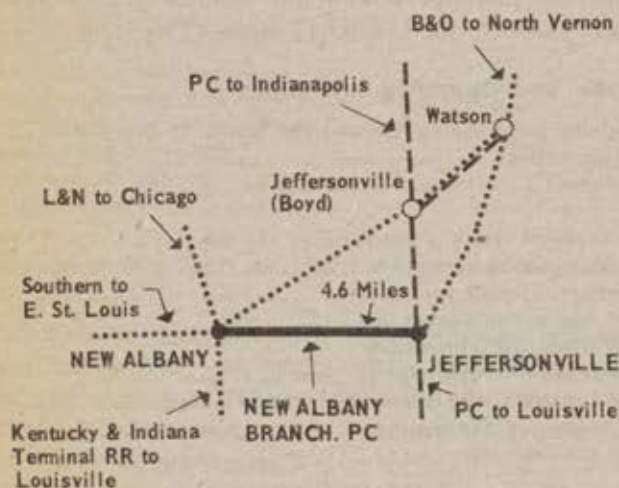
Recommendation

It is recommended that the New Watson Branch be included in the ConRail System.

NEW ALBANY BRANCH

USRA Line No. 621b

Penn Central



The New Albany Branch, formerly part of the Pennsylvania RR, extends from Jeffersonville (Milepost 0.0) to New Albany, Ind. (Milepost 4.6), a distance of 4.6 miles, in Clark and Floyd Counties, Indiana. At Jeffersonville, this line connects with the PC Louisville Branch and the Baltimore & Ohio line to North Vernon. The PC lines are also under study in this Report. At New Albany, this line connects with the Southern Main Line, the Baltimore & Ohio to North Vernon, the Louisville & Nashville to Bloomington and the Kentucky & Indiana Terminal to Louisville. This line was not described as potentially excess in the U.S. DOT Report (see Zone 205).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Jeffersonville ¹	161
New Albany	236
Total carloads generated by the line	397
Average carloads per week	7.6
Average carloads per mile	86.3
Average carloads per train	3.2

1973 operating information:

Number of round trips per year	125
Estimated time per round trip (hours)	2
Locomotive horsepower	1,200
Train crew size	4

¹ (Includes only traffic on segment).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$144,330
Average revenue per carload	\$364

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	55,645
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	17,154
Cost incurred beyond the branch line	78,620

Total variable (avoidable) cost 151,428

Net contribution (loss): total	(7,098)
Average per carload	(18)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,290 crossties (an average of 498 crossties per mile).

Although this line generates a loss, a 10 percent increase in traffic or a 5 percent rate increase over 1973 levels would enable financial self-sufficiency.

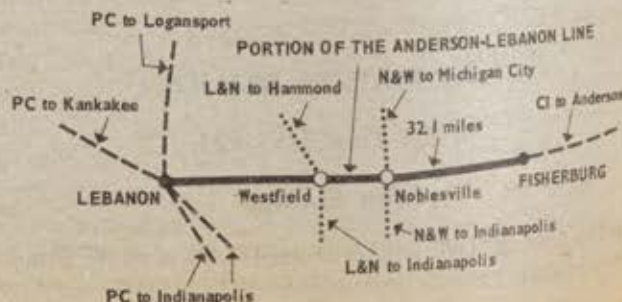
Recommendation

It is recommended that the New Albany Branch be included in the ConRail System.

PORTION OF ANDERSON-LEBANON LINE

USRA Line No. 622/623

Central Indiana Railway



This portion of the Anderson-Lebanon line of the Central Indiana Railway extends from *Fisherburg* (Milepost 10.6), to *Lebanon, Ind.* (Milepost 42.7), a distance of 32.1 miles, in Madison, Hamilton, and Boone Counties, Indiana. A continuation of this line extends eastward from *Fisherburg*. Connections include: the Norfolk & Western to Michigan City and Indianapolis at Noblesville; the Louisville & Nashville to Hammond and Indianapolis at Westfield; and at Lebanon, the PC Cincinnati-to-Kankakee line and the PC I&F Branch. Portions of both of the PC lines are also under study in this Report. PC has filed for abandonment of this line with the ICC, Finance Docket No. 26587; with USRA, Docket No. 75-561. This line was described as potentially excess in the U.S. DOT Report (See Zone 122).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Brockway Glass Company employs 500 people and operates 24 hours per day, 7 days per week. The firm receives 50 percent of their traffic via PC and 50 percent via Norfolk & Western. The firm emphasized the need to maintain this delivery ratio between the carriers in order to continue their 7-day-a-week operation. The firm stated that motor carriers could not supply the necessary service if rail freight via PC was discontinued. Without adequate rail service, the firm may be forced to cease operations.

Tebco Fertilizer Co. is concerned about the effects on the agricultural communities. They stated that fertilizer does not lend itself to truck shipments because of increased freight charges and the necessity of moving large amounts rapidly.

The Central Indiana Railroad has not responded to a request from the Governor's Rail Task Force for traffic data concerning the line. Therefore, the Task Force has delayed making any recommendation for the line at this time.

Testimony was received from William Hudnut, Illinois Congressman, 11th Congressional District, indicating that this line is the only right-of-way bypassing Indianapolis.

Information for Line Retention Decision

The Central Indiana Railway is independent of the PC and therefore has not been subjected to detailed analysis and is not to be a part of the ConRail System.

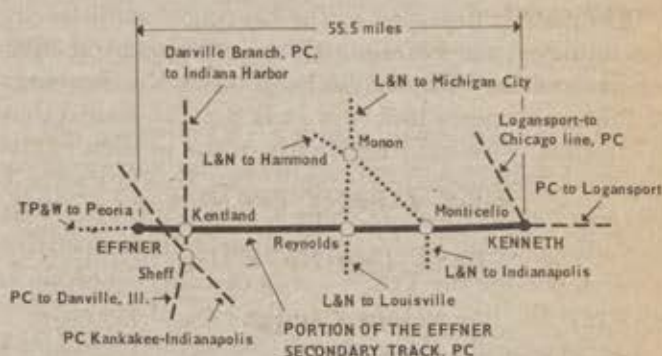
Preliminary Recommendation

It is not recommended that this portion of the Central Indiana Railway be included in the ConRail System.

PORTION OF THE EFFNER SECONDARY TRACK

USRA Line No. 630

Penn Central



This portion of the Effner Secondary Track, formerly part of the Pennsylvania RR, extends from *Kenneth* (Milepost 5.7) to *Effner, Ind.* (Milepost 61.2), a distance of 55.5 miles, in Cass, White, Jasper and Newton Counties, Ind. A continuation of this line extends eastward from *Kenneth* to *Logansport*. Connections are: the PC Logansport-to-Chicago line at *Kenneth*; the Louisville and Nashville line to Hammond and Indianapolis at *Monticello*; the Louisville and Nashville to Michigan City and Louisville at *Reynolds*; the PC Danville Branch at *Kentland*; and the Toledo Peoria & Western RR to Peoria at *Effner*. The PC Danville Branch is also under study in this Report, as is a portion of the PC Logansport to Chicago line. The portion of this line from *Monticello* to *Kenneth* was described as potentially excess in the U.S. DOT Report (see Zones 117 and 128).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lake Clecott	0
Burnettsville	32
Idaville	34
Monticello	895
Reynolds	1,240
Seaford	0
Wolcott	159
Remington	927
Goodland	945
Perkins	18
Effner	5
Kentland	271

Total carloads generated by the line	4,526
Average carloads per week	87.0
Average carloads per mile	81.5
Average carloads per train	15.1

See footnote at end of table.

1973 Operating Information:

Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	3,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the testimony directed itself only to the portion of the line from Monticello to Kenneth. The Toledo Peoria & Western protested abandonment on the grounds that discontinuance of service would destroy its competitive position because the TP&W's only eastern connection is with this PC line at Effner, to the west of Kenneth.

The Monticello Chamber of Commerce maintained that area businesses are dependent upon rail service to maintain their competitive position. Another firm submitting testimony, the Cheesebrough Ponds Company, generated 900 tons of freight over this line in 1973. The company depends on a multimodal distribution system.

The Chemetron Corporation stated that it is vitally dependent on the railroads. The company transports heavy, bulky items. In 1973, the firm shipped 537 carloads over this line. Until the line's status is resolved, they are delaying any expansion.

Testimony received from Edward J. Hassenger, Traffic Manager, The Early & Daniel Co. advocates the retention of the TP&W Peoria, Illinois to Kentland, Indiana connection. This connection is preferred in lieu of Chicago because of distance and congestion problems.

The TP&W has suggested to USRA staff that they are interested in somehow maintaining an eastern interchange with a main line of ConRail. The TP&W may even be interested in purchasing part of the former PC lines in this area in order to protect their connections with ConRail.

Information for Line Retention Decision

Revenue received by PC	\$1,752,792
Average revenue per carload	\$.387
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	748,571
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	51,207
Cost incurred beyond the branch line	1,326,743
Total variable (avoidable) cost	2,126,521
Net contribution (loss): total	(373,729)
Average per carload	(\$3)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,280 crossties (an average of 23 crossties per mile). The TP&W has suggested to USRA staff that they are interested in maintaining an eastern interchange with a main line of ConRail. The TP&W may be interested in purchasing part of the former PC lines in this area in order to protect such a connection.

Preliminary Recommendation

It is *not* recommended that this portion of the Effner Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$373,729 or \$83 per carload. Recovery of costs would require approximately a 90-percent increase in traffic or a 20-percent rate increase over the 1973 levels. It is expected that the TP&W will be interested in acquiring the track between Effner and Kentland (see Appendix D).

PORTION OF THE COLUMBUS-TO-INDIANAPOLIS LINE

USRA Line No. 633

Penn Central



This portion of the Columbus-to-Indianapolis Line, formerly part of the Pennsylvania RR, extends from Richmond (Milepost 119.6) to Indianapolis, Ind. (Milepost 186.9), a distance of 67.3 miles, in Wayne, Henry, Hancock and Marion Counties, Ind.

A continuation of this line extends eastward from Richmond towards Dayton, Ohio. At Richmond, this line connects with the Penn Central Richmond Branch to Hamilton, Ohio and Anderson, Ind., the Penn Central Newman Secondary Track to Winchester, and the Chesapeake & Ohio to Chicago and Cincinnati. Other connections are: the Norfolk & Western at Cambridge City and Dunreith, the Penn Central Anderson-Greensburg Secondary Track at Knightstown, and at Indianapolis, the Penn Central Louisville Branch, the Penn

Central Cincinnati-to-Kankakee Line, the Penn Central Petersburg Secondary Track to Evansville, the Penn Central to Springfield, Ohio, Peoria & Eastern Line, the Penn Central Greencastle Branch to Terre Haute, the Penn Central Springfield Branch, the Penn Central Cleveland-to-Indianapolis Line, the Penn Central Indianapolis-to-St. Louis Line, the Penn Central I&F Branch, the Baltimore & Ohio to Chicago and the Norfolk & Western to Frankfort. This line was not described as potentially excess in the U.S. DOT Report (see Zones 120 and 122).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Richmond ¹	8,521
Centerville	440
Germanstown	24
Straughn	31
Cambridge City	69
Dunreith	35
Charlottesville	117
Greenfield	577
Gem	186
Knightstown ¹	64
Cumberland	89
Indianapolis ¹	5,164

Total carloads generated by the line	15,317
Average carloads per week	294.6
Average carloads per mile	227.6
Average carloads per train	61.3

1973 operating information:

Number of round trips per year	250
Estimated time per round trip (hours)	36
Locomotive horsepower	1,750
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

The Governor's Rail Task Force indicated that the line generated \$3,547,754 in freight revenues as opposed to \$240,448 branch costs equaling an estimated profit of \$3,307,306. Estimated rehabilitation costs are \$704,000 (these are all 1973 figures). The segment carload figures are 13,141 or 205 per mile. The analysis indicates that the line appears to be profitable and capable of covering rehabilitation costs. Therefore, the Task Force recommends retention of service on this line.

Information for Line Retention Decision

Revenue received by PC	\$4,182,160
Average revenue per carload	\$273

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	1,336,767
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,965,072

Total variable (avoidable) cost	3,301,839
Net contribution (loss): total	880,321
Average per carload	57

The majority of the traffic listed above is generated at Richmond and Indianapolis. Those shippers located in these two areas will continue to receive service. The portion of the line between Richmond and Indianapolis appears to generate insufficient traffic to be financially self sufficient.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). This segment is presently used by Amtrak for service between Columbus, Ohio, and St. Louis. In order to preserve this direct passenger route, Amtrak may wish to acquire this segment as provided for in the Reorganization Act.

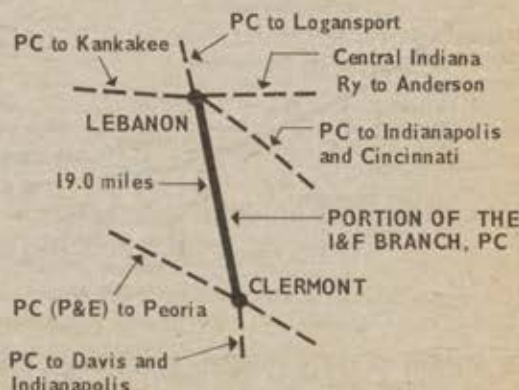
Preliminary Recommendation

It is *not* recommended that the portion of the Richmond to Indianapolis Line between these cities be included in the ConRail System. However, shippers located in Richmond and Indianapolis will continue to receive service.

PORTION OF THE I&F BRANCH

USRA Line No. 634

Penn Central



This portion of the I&F Branch, formerly part of the Pennsylvania RR, extends from Clermont (Mile-

post 12.6), to *Lebanon, Indiana* (Milepost 31.6), a distance of 19.0 miles, in Boone, Hendricks, and Marion Counties, Indiana. Continuations of this line extend northward from Lebanon and southward from Clermont. Connections at Lebanon include: the PC Cincinnati to Kankakee line and the Central Indiana Ry. to Anderson. Portions of both of these continuations are also under study in this Report. Connections at Clermont are made with the PC Peoria & Eastern line which is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 122).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

The Governor's Rail Task Force did not analyze this line.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the I&F Branch be included in the ConRail System.

PORTION OF COLUMBUS-CHICAGO LINE USRA Line No. 689a Penn Central



This portion of the Columbus to Chicago Line, formerly part of the New York Central RR, extends from *North Judson* (Milepost 237.5) to *Hartsdale* (Milepost 284.0), a distance of 46.5 miles, in Starke, Porter

and Lake Counties, Ind. From North Judson, the line extends to Logansport where it intersects with both north-south and east-west PC lines. At Hartsdale there are alternative routes into Chicago as well as an east-west line to Joliet and Porter. Connection with C&O are at North Judson and LaCrosse. The EL is intersected at North Judson and Kouts and there is a connection to the EJ&E at Hartsdale. This line was not described as potentially excess in the U.S. DOT Report (see Zones 128 and 130).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

LaCrosse	26
Kouts	58
Aylesworth	302
Hebron	2
Leroy	18
Crown Point	390
Schererville	552

Total carloads generated by the line	1,348
Average carloads per week	25.9
Average carloads per mile	29.0
Average carloads per train	6.0
1973 operating information:	
Number of round trips per year	225
Estimated time per round trip (hours)	6
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated, in general, that trucks could not provide an adequate transportation alternative to rail. Weight restrictions and the sheer volume of grain shipped were cited as the reasons. Much of the testimony focused on the need to maintain Indiana lines for serving overhead traffic.

This segment was designated for study after the publication of the Task Force study. Therefore, no analysis of the line was included in that Report.

Information for Line Retention Decision

Revenue received by PC	\$493,351
Average revenue per carload	\$300
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	435,835
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	279,733
Total variable (avoidable) cost	715,568
Net contribution (loss): Total	(222,217)
Average per carload	(165)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that this portion of the Columbus to Chicago Line be included in the ConRail System as an alternative through route pending rehabilitation of the parallel route via Sheff.

PORTION OF COLUMBIA CITY SECONDARY TRACK

USRA Line No. 700

Penn Central



This portion of the Columbia City Secondary Track, formerly part of the Pennsylvania RR, extends from Milepost 36.9 to Milepost 37.2, a distance of 0.3 miles, at N. Manchester, in Wabash County, Ind. This line was described as potentially excess in the U.S. DOT Report (see Zone 117).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report". The Governor's Rail Task Force reported that it had no data about this line and therefore could not make a recommendation.

Information for Line Retention Decision

This line does not directly serve any shippers.

Preliminary Recommendation

It is not recommended that this portion of the Columbia City Secondary Track be included in the ConRail System.

PORTION OF CINCINNATI-TO-KANKAKEE LINE

USRA Line No. 577a

Penn Central



This portion of the Cincinnati-to-Kankakee Line, formerly part of the Pennsylvania RR, extends from Sheff, Ind. (Milepost 211.3), to Kankakee, Ill. (Milepost 249.4), a distance of 38.1 miles, in Iroquois and Kankakee Counties, Ill. and Benton County, Ind. A continuation of this line extends eastward to Cincinnati, also under study in this Report. This line connects with the PC to Evansville and the PC to Chicago at Sheff, Ind. These two lines are both under study in this Report. This line connects with the TP&W lines to Effner and to Peoria at Sheldon. At Nelson this line connects with the Milwaukee Road Chicago-Terre Haute Main Line. This line also connects with the C&EI Main Line from Chicago to Evansville at St. Anne. (The C&EI line to Chicago uses the L&N trackage. At Kankakee this line connects with the ICG Chicago-New Orleans Main Line. It also connects with the PC lines to South Bend and to Peoria at Kankakee).

This line was not described as potentially excess in the U.S. DOT Report (see Zones 128 and 139).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Raub	149
Sheldon	1,194
Iroquois	109
Donovan	184
Beaverville	204
St. Anne	132
Aroma Park	15
Kankakee ¹	482

Total carloads generated by the line	2,469
Average carloads per week	47.5
Average carloads per mile	64.8
Average carloads per train	16.5

1973 operating information:

Number of round trips per year	150
Estimated time per round trip (hours)	7
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,034,157
Average revenue per carload	\$419
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	376,695
Cost of upgrading branch line to FBA Class I:	
(1/2 of total upgrading cost)	0
Cost incurred beyond the branch line	834,436
Total variable (avoidable) cost	1,211,131
Net contribution (loss): total	(176,974)
Average per carload	(72)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

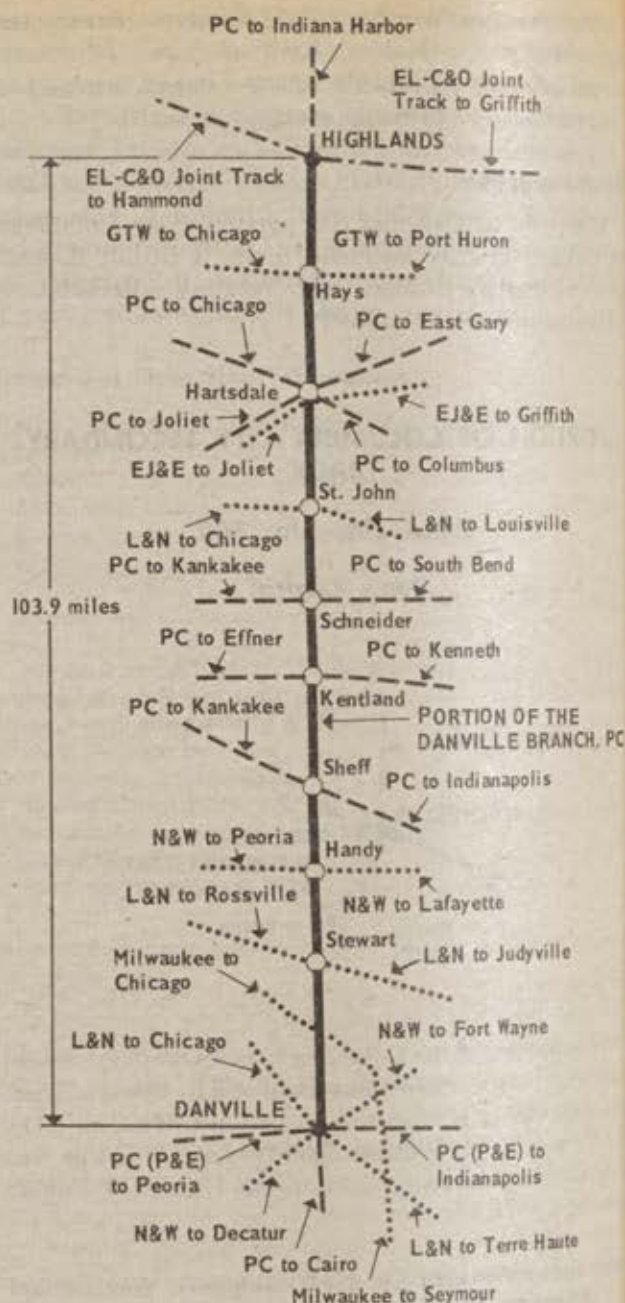
It is *not* recommended that this portion of the Cincinnati to Kankakee Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$176,974 or \$72 per carload. Recovery of costs would require approximately a 90 percent increase in traffic or a 17 percent rate increase over the 1973 levels.

PORTION OF THE DANVILLE BRANCH

USRA Line No. 604

Penn Central

This portion of the Danville Branch, formerly part of the New York Central RR, extends from *Highlands, Ind.* (Milepost 6.3) to *Danville, Ill.* (Milepost 110.2), a distance of 103.9 miles, in Lake, Newton, Benton, Warren, and Fountain Counties, Ind. and Vermilion County, Ill. A continuation of this line runs north from Highlands to Indiana Harbor. At Highlands this line connects with the Erie Lackawanna and the Chesapeake and Ohio. Other connections include: the Grand Trunk Western at Hays; the PC Columbus Chicago line, the Joliet Branch and the EJE line at Hartsdale; the Louisville and Nashville at St. John; the PC Kankakee



Branch at Schneider; the PC Effner Secondary Track at Kentland; the PC Cincinnati to Kankakee line at Sheff; the Norfolk & Western at Handy; the Louisville & Nashville at Stewart; and the PC Cairo Branch, the PC Peoria & Eastern line, the Louisville & Nashville, and the Norfolk & Western at Danville. The PC Kankakee Branch, the PC Cincinnati to Kankakee line, the PC Cairo Branch, and the PC Peoria & Eastern line are also under study in this Report. This line was originally completed in 1906 for the purpose of moving coal from Southern Illinois to the then new steel plants along Lake Michigan. This line was described as potentially excess in the U.S. DOT Report (see Zones 126, 128, 130 and 139).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that the Pillsbury Co. has a 1.1 million bushel grain elevator at Tab, Indiana. In 1973, Pillsbury spent \$50,000 to upgrade rail facilities in order to be able to handle 100 car unit trains. Pillsbury ships 15 to 18 unit trains each year from this location. Indiana's Rail Task Force reported to the Governor that this line earned \$1,746,568 in revenue while accumulating on-branch costs of \$338,130. Because of this estimated profit of more than \$1 million, the Indiana Task Force recommended that this segment be made a part of the ConRail System. USRA staff has noted that the Free Grain Co. of Handy, Indiana is like Pillsbury, a large shipper of grain by unit train.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

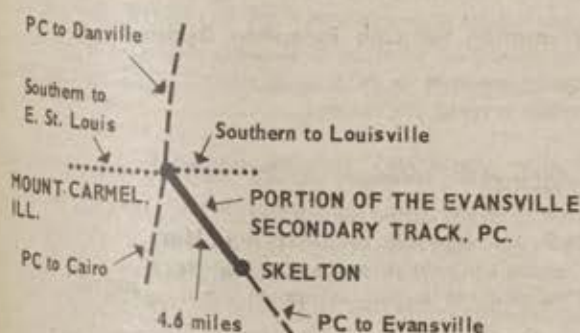
Recommendation

It is recommended that the Danville Branch be included in the ConRail System.

PORTION OF THE EVANSVILLE SECONDARY TRACK

USRA Line No. 612

Penn Central



This portion of the Evansville Secondary Track, formerly part of the New York Central RR, extends from Mt. Carmel, Ill. (Milepost 127.4), to Skelton, Ind. (Milepost 132.0), a distance of 4.6 miles, in Gibson County, Indiana and Wabash County, Illinois. From

Skelton, this line continues to Evansville. At Mount Carmel, the line connects with the PC Cairo Branch and the Southern Ry Line to St. Louis. The PC Cairo Branch and the continuation of this line are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 123 and 141).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mt. Carmel ¹	603
Total carloads generated by the line	603
Average carloads per week	11.6
Average carloads per mile	128.3
Average carloads per train	5.0
1973 operating information:	
Number of round trips per year	120
Estimated time per round trip (hours)	4.0
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Public Service of Indiana is constructing a new power station at Carol, Ind. Known as the Gibson Station, this powerplant will require 2.2 million tons of coal in 1975 and 3 to 6 million tons in 1976 and subsequent years. The coal will be mined at Amax Coal's Keensburg Mine (Line Segment 606A). The utility company stated that if the line were abandoned they might be interested in acquiring the right-of-way. The Indiana Rail Task Force, under the technical direction of William R. Black, recommended that this short segment of line should be retained for the future committed coal business. However, the Task Force concluded that the continuation of this interstate branch between Carol (Skelton) and Evansville, Ind., was not necessary since the Task Force estimated a \$66,557 annual operating loss, and a rehabilitation tab of \$442,000.

Information for Line Retention Decision

Revenue received by PO	\$319,326
Average revenue per carload	\$530
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	82,826
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	110,254
Total variable (avoidable) cost	193,080
Net Contribution (loss): total	126,246
Average per carload	209

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). An evaluation of coal reserves by USRA staff confirmed the Hearing and Task Force reports on the Gibson powerplant. USRA has also found that there are substantial proven reserves of coal adjacent to line segment 613 between Skelton and Nisbet, Ind., although no active mining is underway, and no firm mining plans have been announced.

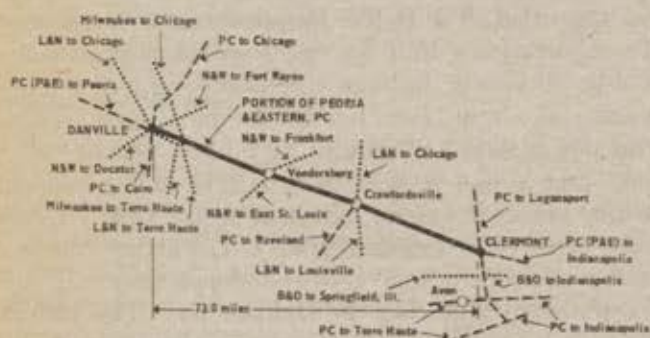
Recommendation

It is recommended that this portion of the Evansville Secondary Track be included in the ConRail System.

PORTION OF PEORIA & EASTERN LINE

USRA Line No. 616

Penn Central



This portion of the Peoria & Eastern Line, formerly part of the New York Central RR, extends from Clermont, Ind. (Milepost 9.0) to Danville, Ill. (Milepost 82.0), a distance of 73.0 miles, in Marion, Hendricks, Boone, Montgomery, Fountain and Warren Counties, Indiana and Vermilion County Illinois. At Clermont, this line connects with the PC I&F Branch to Logansport and continues to Indianapolis. Other connections include: the PC Crawfordville Secondary Track and the Louisville & Nashville to Lafayette at Crawfordville; the Norfolk & Western to Frankfort at Veederburg. At Danville the line continues west to Peoria and also connects with the PC Cairo Branch, the Louisville & Nashville to Chicago and Terre Haute and the Norfolk & Western Ft. Wayne-Decatur line. Additionally under study in this Report are: the PC Crawfordville Secondary Track, the PC Cairo Branch, the PC I&F Branch and the continued portion of the P&E line. This line was described as potentially excess in the U.S. DOT Report (see Zones 122, 126 and 139).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Crawfordsville	3,567
Brownsburg	13
Pittsboro	14
Lizton	7
Jamestown	8
New Ross	28
Tile Siding	8
Waynetown	43
Range Road	7
Hillsboro	42
Veederburg	1
Palmerston	9
Covington	28
Olin	904
Foster	5
Danville ¹	880

Total carloads generated by the line 5,575

Average carloads per week 105.5

Average carloads per mile 75.2

Average carloads per train 38.6

1973 operating information:

Number of round trips per year 150

Estimated time per round trip (hours) 22.0

Locomotive horsepower 1,750

Train crew size 5

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that R.R. Donnelley & Sons at Crawfordville doubts if it could compete if a shift to trucks became necessary. Cost of operations would increase 250%. Midstates Steel & Wire Corp. at Crawfordville stated that loss of rail service might cost 200-225 jobs.

Information for Line Retention Decision

Revenue received by PC \$2,073,575

Average revenue per carload \$378

Variable (avoidable) cost of continued service:

Cost incurred on the branch line 844,221

Cost of upgrading branch line to FRA

Class I: (1/10 of total upgrading cost) 0

Cost incurred beyond the branch line 898,582

Total variable (avoidable) cost 1,742,753

Net contribution (loss): total 330,822

Average per carload 60

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that this portion of the Peoria & Eastern Line be included in the ConRail System.

PORTION OF THE DAVIS TO LENOX LINE

USRA Line No. 618

Penn Central



This portion of the Davis to Lenox Line, formerly part of the New York Central RR, extends from *Terre Haute, Ind.*, (Milepost 72.0), to *Paris, Ill.* (Milepost 89.0), a distance of 17.0 miles, in Vigo County, Indiana and Edgar County, Illinois. Continuations of this line, which extend eastward from Terre Haute to Indianapolis and westward from Paris to East St. Louis are also under study in this Report. Connections at Terre Haute are: two PC, Indianapolis-Terre Haute lines and the PC Clay Secondary Track; the Chicago, Milwaukee, St. Paul & Pacific RR to Chicago and Seymour; and the Louisville & Nashville RR to Chicago and Evansville. In addition there are two PC connections at Paris, the Peoria Secondary Track and the Cairo Branch. All of the PC lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 125 and 141).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," and the Governor's Rail Task Force did not report on this segment.

Information for Line Retention Decision

This line is required for through line freight service, therefore local rail service will be provided to all shippers located on the line.

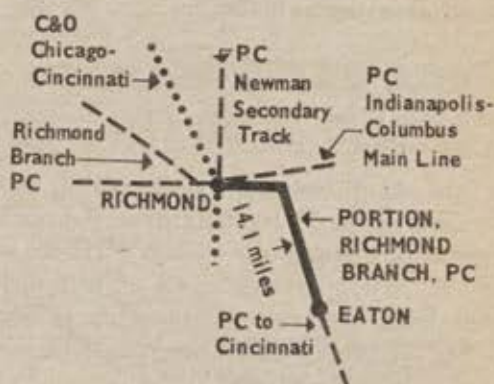
Recommendation

It is recommended that this portion of the Davis to Lenox Line be included in the ConRail System.

PORTION OF THE RICHMOND BRANCH

USRA Line No. 520a

Penn Central



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from *Eaton, Ohio* (Milepost 58.0), to *Richmond, Ind.* (Milepost 72.1), a distance of 14.1 miles, in Preble County, Ohio and Wayne County, Ind. The Richmond Branch runs south to Cincinnati and continues north beyond Richmond to Logansport; both extensions are also under study in this Report as is the Newman Secondary Track which connects at Richmond. At Richmond the C&O Chicago-Cincinnati line and the Penn Central's Indianapolis-Columbus line also cross. This line was not described as potentially excess in the U.S. DOT Report (see Zones 108 and 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Eaton	1,063
New Hope	44
Campbellstown	29
Total carloads generated by the line	
Average carloads per week	21.8
Average carloads per mile	80.6
Average carloads per train	3.8
1973 Operating Information:	
Number of round trips per year	300
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The

Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$274, 874
Average revenue per carload	\$242
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	154, 149
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	161, 055
Total variable (avoidable) cost	315, 204
Net contribution (loss) : Total	(40, 330)
Average per carload	(36)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Correspondence from Westvaco Corporation at Eaton indicates a \$1,750,000 expansion program which would increase rail shipments by one-third.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Richmond Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$40,330 or \$36 per carload. Recovery of costs would require approximately a 35 percent increase in traffic or a 15 percent rate increase over the 1973 levels. Also, a reduction in service frequency may improve the financial results if such reduction does not result in a decline in traffic.

PORTION OF THE SPRINGFIELD BRANCH

USRA Line No. 554

Penn Central



This portion of the Springfield Branch, formerly part of the New York Central RR, extends from *Glen Karn, Ohio* (Milepost 60.4) to *Hunter, Ind.* (Milepost 131.2), a distance of 64.0 miles, in Marion, Hancock, Henry, and Randolph Cos., Ind., and Darke Co., Ohio. The total mileage between these points is 70.8, however, there are a number of small line segments—especially at key junctions that are not under study. At Hunter this line continues west to Indianapolis and at Glen Karn it continues east to Springfield. Connections with other lines are: the PC Anderson-to-Greensburg Secondary Track at Shirley; the PC Richmond Branch and the Norfolk and Weston to Rushville, Connersville, and Muncie at New Castle, the Chesapeake & Ohio Ry. at Losantville and the PC Newman Secondary Track to Richmond and Winchester at Lynn. Portions of or the entire line of the PC connections listed above are also under study in this Report.

Abandonment applications have been filed by the PC with the ICC, Finance Docket No. AB-5, Sub. 17, and USRA Docket No. 75-54 and 75-55.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Glen Karn	43
Crete	19
Lynn	70
Carlos City	0
Modoc	19
Losantville	28
Mooreland	19
New Castle ¹	258
Kennard	10
Wilkinson	43
Willow Branch	1
Maxwell	44
Mohawk	1
Mount Comfort	6
Hunter	50
Total carloads generated by the line	605
Average carloads per week	11.0
Average carloads per mile	9.3
Average carloads per train	6.7
1973 operating information:	
Number of round trips per year	90
Estimated time per round trip (hours)	12
Locomotive horsepower	1,730
Train crew size	4
¹ Includes only traffic on segment.	

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that potential abandonment of the line from Indianapolis (just to the West of Hunter) to Savona, Ohio, produced heavy public protests from rail users in Indianapolis. The Business Relations Council of the Indianapolis

Chamber of Commerce argued that PC's Springfield Branch is essential for industrial development and the future growth of Indianapolis. According to the Report, the line serves a number of shippers of bulky products suited only for rail transport. L. W. Schaller, speaking for the Maxwell Grain Company, which has elevators at Maxwell and Mohawk, said the company stopped using rail in 1971 because it could not obtain cars, but based on production estimates for 1973 it could use 920 high cube cars for corn, 640 cars for soybeans and 65 cars for fertilizer.

An accompanying chart shows Bookwalter Co., Div. of American Can Co. used an estimated 320 carloads in 1973. This number is expected to grow to 875-1,000. Hook Drugs, Inc., used an estimated 200 carloads in 1973. Growth will up this number to 762, according to the Report.

The Governor's Rail Task Force lists estimated branch cost at \$255,476 with freight revenue amounting to \$179,107. A subsidy of \$76,364 is listed. Rehabilitation cost is estimated at \$870,400. The Task Force considers future traffic potential as "stable." The Task Force said that even though the line is losing money that if certain other lines are abandoned this line segment would pick up all the New Castle traffic of the Penn Central. Under that circumstance, the line would be above the break-even point and therefore should be included in the new ConRail System. USRA studies show no fossil fuel resources in this area.

Information for Line Retention Decision

Revenue received by PC.....	\$193,351
Average revenue per carload.....	\$320
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	483,700
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	55,868
Cost incurred beyond the branch line.....	77,451
Total variable (avoidable) cost.....	617,019
Net contribution (loss): Total.....	(423,668)
Average per carload.....	(700)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 625 crossties (an average of 10 crossties per mile). Correspondence has been received which indicates that a grain elevator at Maxwell is planning an expansion of the facility. This firm expects to increase rail use substantially over the next few years.

USRA studies show no fossil fuel resources in this area.

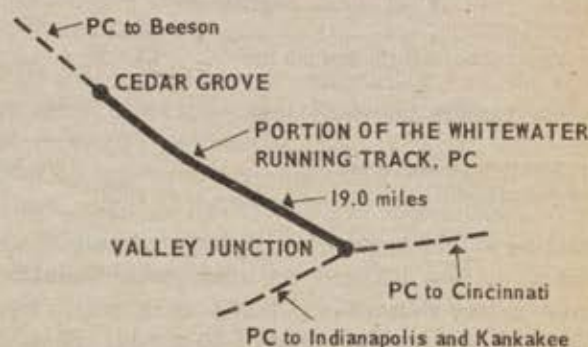
Preliminary Recommendation

It is *not* recommended that this portion of the Springfield Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$423,668 or \$700 per carload. Recovery of costs would require approximately a 365 percent increase in traffic or a 220 percent rate increase over the 1973 levels.

WHITEWATER RUNNING TRACK

USRA Line no. 571a

Penn Central



This portion of the Whitewater Running Track, formerly part of the New York Central RR, extends from Valley Junction, Ohio (Milepost 17.7), to Cedar Grove, Ind. (Milepost 36.7), a distance of 19.0 miles, in Hamilton County, Ohio and Dearborn, Franklin, Fayette and Wayne Counties, Indiana. At Valley Junction, this line connects with the PC Cincinnati-to-Kankakee Line, and at Cedar Grove it continues to Beeson. The latter continuation and a portion of the former line are also under study in this Report. This line except for the portion from Valley Junction to Dearborn County—Franklin County boundary in Indiana was described as potentially excess in the U.S. DOT Report (see Zones 106 and 120).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Valley Junction.....	7
White Water.....	104
Harrison.....	274

Total carloads generated by the line.....	385
Average carloads per week.....	7.4
Average carloads per mile.....	20.3
Average carloads per train.....	4.3
1973 operating information:	
Number of round trips per year.....	90
Estimated time per round trip (hours).....	7
Locomotive horsepower.....	1,750
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearing conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." A major portion of the production by Cincinnati, Inc. is large presses which must move by rail.

Information for Line Retention Decision

Revenue received by.....	\$186,325
Average revenue per carload.....	\$354
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	171,238
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	57,191
Cost incurred beyond the branch line.....	51,626
Total variable (avoidable) cost.....	280,055
Net contribution (loss): total.....	(143,730)
Average per carload.....	(373)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 10,260 crossties (an average of 540 crossties per mile). USRA evaluation of coal reserves show no fossil fuel resources in this area.

Preliminary Recommendation

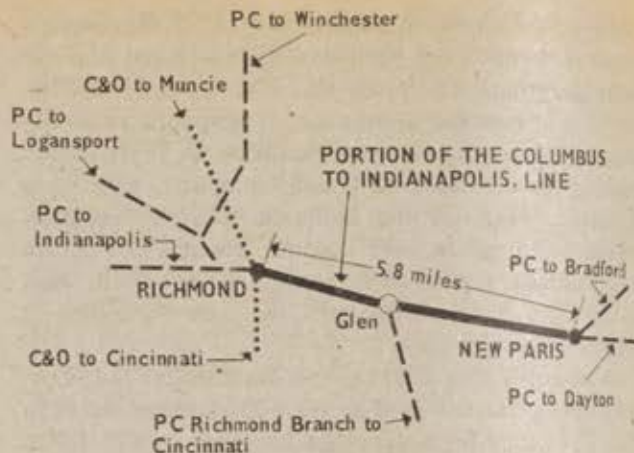
It is *not* recommended that this portion of the White-water Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$143,730 or \$373 per carload. Recovery of costs would require approximately a 170 percent increase in traffic or a 105 percent rate increase over the 1973 levels.

PORTION OF COLUMBUS-TO-INDIANAPOLIS LINE

USRA Line No. 638

Penn Central

This portion of the Columbus-to-Indianapolis line, formerly part of the Pennsylvania RR, extends from New Paris, Ohio (Milepost 113.8) to Richmond, Ind. (Milepost 119.6), a distance of 5.8 miles, in Preble



County, Ohio, and Wayne County, Ind. At Richmond this line continues west to Indianapolis and at New Paris east to Dayton. The PC line to Bradford connects at New Paris. All of these continuations are also under study in this Report. Connecting at Richmond is the Chesapeake & Ohio Ry. to Cincinnati and Muncie. At Glen the PC Richmond Branch and Newman Secondary connect; they are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 108 and 120).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers. However, it is required as an overhead line to serve Richmond.

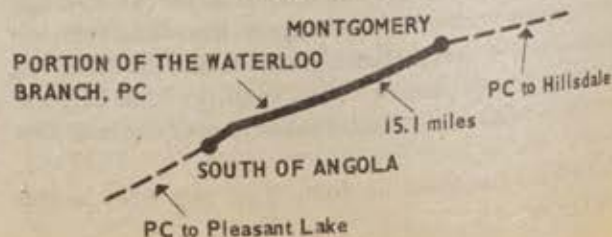
Recommendation

It is recommended that this portion of the Columbus-to-Indianapolis Line be included in the ConRail System.

PORTION OF THE WATERLOO BRANCH

USRA Line No. 401

Penn Central



This portion of the Waterloo Branch, formerly part of the New York Central RR, extends from south of Angola, Ind. (Milepost 39.7), to Montgomery, Mich. (Milepost, 54.8), a distance of 15.1 miles, in Steuben County, Indiana and Hillsdale and Branch Counties, Michigan. Continuations of this line extend northward from Montgomery and southward from south of Angola. Both continuations are also under study in this Report. PC has filed an abandonment application with the ICC Docket No. AB-5 Sub-193, 194. This line was described as potentially excess in the U.S. DOT Report (see Zones 115 and 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ray	0
Fremont	49
Angola	200
Total carloads generated by the line	258
Average carloads per week	5.0
Average carloads per mile	17.1
Average carloads per train	2.6
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Steuben County Farm Bureau Coop. Association is the largest shipper on the line with 84 carloads in 1973. The Coop. expressed concern that its future use of railroad land would be jeopardized. The Coop. has a lease for railroad land at an annual cost of \$4,000. The Northern Indiana Public Service Co. stated its concern for shipment of 54 ton transformers to and from Angola. Some witnesses suggested that the N&W take over this line by establishing a connection at Steubenville, three miles south of Pleasant Lake. Some of the traffic data for this line segment will be reported in Table 4 of the RSPO Michigan Report. For example, Angola Lumber Co. is reported as shipping 36 to 40 cars, all of which are presumed as generated at Angola, Ind., as are Moore Business Form's 48 carloads. Major shippers at Montgomery, Michigan who testified at the Hearings are Camden Basket Co. (60 cars), and Watson Trading Co. (195 cars). The Governor's Rail Task Force in Indiana found that this line's operation resulted in an estimated loss of \$3,805 between Ray and Pleasant Lake, Indiana. Rehabilitation costs are estimated at \$308,000 between these two Indiana points. The Task Force concluded

that by dropping service to Pleasant Lake, the line could have a profitable operation of \$24,372 per year between Angola and the State line. Abandonment of the line was expected to result in the loss of 45 jobs.

Information for Line Retention Decision

Revenue received by PC	\$67,152
Average revenue per carload	\$160
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	140,009
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	37,617
Cost incurred beyond the branch line	35,282
Total variable (avoidable) cost	212,908
Net contribution (loss): total	(145,756)
Average per carload	(363)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 7,550 crossties (an average of 500 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Waterloo Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$145,756 or \$363 per carload. Recovery of costs would require approximately an eight-fold increase in traffic or a 230 percent rate increase over the 1973 levels.

PORTION OF CHICAGO TO DETROIT LINE

USRA Line No. 467

Penn Central



This portion of the Chicago to Detroit Line, formerly part of the New York Central RR, extends from Buchanan, Michigan (Milepost 199.5) to Michigan City, Ind. (Milepost 228.0), a distance of 28.5 miles, in Berrien County, Michigan and La Porte County, Indiana. At Buchanan, Mich., this line continues eastward to Niles and Detroit, and at Michigan City, Indiana west towards Chicago. The Line eastward from Buchanan, Mich. is also under study. Connections with other railroads include the Chesapeake & Ohio at New Buffalo and Michigan City. Also at Michigan City, connections are made with the Chicago, South Shore & South Bend RR, the Louisville & Nashville RR and the N&W Ry. This line was not described as potentially excess in the U.S. DOT Report (see Zones 128 and 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Gallen	7
Three Oaks	9
Buchanan ¹	311

Total carloads generated by the line	327
Average carloads per week	6.2
Average carloads per mile	11.4
Average carloads per train	1.3

1973 operating information:

Number of round trips per year	240
Estimated time per round trip (hours)	3
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Amtrak and the State of Michigan both are concerned about the future of passenger service over this line between Chicago and Detroit, and Chicago and Port Huron. USRA staff has discussed, with both the State and Amtrak, the possibility that either entity may wish to acquire or lease this portion of track as provided for in the Regional Rail Reorganization Act.

Information for Line Retention Decision

Data errors preclude complete analysis prior to the preliminary system plan.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

The traffic generated at Niles will be served by USRA segment 637.

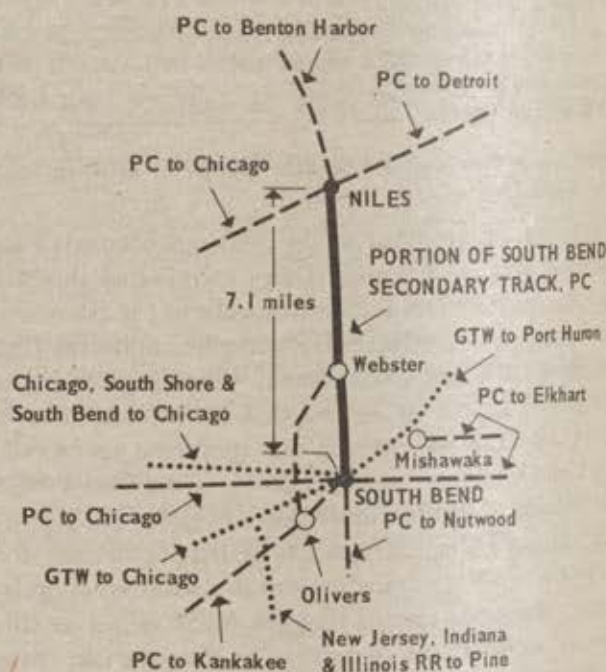
Preliminary Recommendation

It does not appear, based on revenue and carloads per mile, that this line segment is financially self-sustaining. Analysis will be completed within 2 weeks.

PORTION OF THE SOUTH BEND SECONDARY TRACK

USRA Line No. 637

Penn Central



This portion of the South Bend Secondary Track, formerly part of the New York Central RR, extends from Niles, Mich. (Milepost 27.6) to South Bend, Ind. (Milepost 34.7), a distance of 7.1 miles, in St. Joseph County, Ind. and Berrien County, Mich. At Niles this line connects with the PC Benton Harbor Secondary Track and the PC Chicago-to-Detroit line. At South Bend this line connects with the PC Kankakee Branch, the PC Chicago-to-Buffalo line, the Grand Trunk Western Chicago-Lansing line, the Chicago South Shore & South Bend RR to Chicago, and the New Jersey, Indiana & Illinois RR to the Norfolk & Western line at

Pine, Ind. The PC Benton Harbor Secondary Track, a portion of the PC Kankakee Branch, and a portion of the PC Chicago-to-Detroit line, are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 129 and 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Miles ¹	637
Notre Dame	744
Bertrand	27

Total carloads generated by the line	1,408
Average carloads per week	27.1
Average carloads per mile	198.3
Average carloads per train	5.1
1973 operating information:	
Number of round trips per year	275
Estimated time per round trip (hours)	2
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this is part of a link for through-route shipments between the large freight yard at Elkhart, Indiana, and Michigan City, Indiana, which handled 84 cars in 1972, and 111 cars in 1973 for pulpwood into this plant; only 38% of outbound shipments go this way because of box car shortages. According to Notre Dame, they reserve 1,000 cars of coal a year, but it understands that rail access to Notre Dame is to be retained under DOT plans. Notre Dame said that absence of rail access for coal would cost the University some \$300,000 in excess of its present price. The Governor's Task force recommended keeping rail access to Notre Dame.

Information for Line Retention Decision

Revenue received by PC	\$458,726
Average revenue per carload	\$323
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	83,430
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	310,581
Total variable (avoidable) cost	394,011
Net contribution (loss): total	64,715
Average per carload	46

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

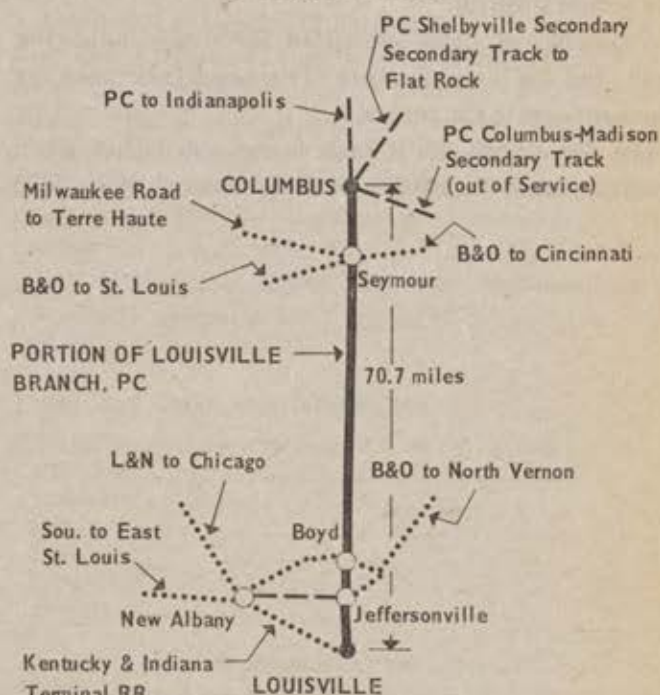
Recommendation

It is recommended that this portion of the South Bend Secondary Track be included in the ConRail System.

PORTRION OF THE LOUISVILLE BRANCH

USRA Line No. 620/620a/620b

Penn Central



This portion of the Louisville Branch, formerly part of the Pennsylvania RR, extends from Columbus, Ind. (Milepost 40.5), to Louisville, Ky. (Milepost 111.2), a distance of 70.7 miles, in Bartholomew, Jackson, Scott, and Clark Counties, Ind. and Jefferson County, Ky. At Columbus, this line continues on to Indianapolis. It also connects with the Shelbyville Secondary Track and the Columbus-Madison Secondary Track at Columbus. Both the Shelbyville Secondary and the Columbus-Madison Secondary Tracks are under study in this Report. Other connections include the B&O St. Louis-Cincinnati line and the Milwaukee Road line from Terre Haute at Seymour. The B&O also crosses the Penn Central at Boyd. Connections are also made with a number of major railroads at Louisville. This line, except for the portion from Austin to Columbus and from Speed, Ind. to Louisville, Ky., was described as potentially excess in the U.S. DOT Report (see zones 121 and 205).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Mayor Blake L. Burns of the City of Scottsburg said the city has spent a considerable sum of money in public improvements to attract industries. An industrial complex is planned, but lack of rail service would hinder any future development. Another industrial complex is located at Seymour, and discontinuance of rail service would have a severe effect on the community's economy and future growth.

A number of firms submitted testimony indicating their need for large numbers of cars and their need for increased cars in the future.

The Governor's Rail Task Force noted that Penn Central earned \$1,388,771 in freight revenues in 1973

as opposed to \$259,233 in branch costs equaling an estimated profit of \$1,129,530.

In 1973, 6,332 carloads or 92 carloads per mile were shipped. The Task Force maintains that the volume of traffic and revenues on this line are considerable. The State recommends retention of service on this line.

The carrier line patron sheets list 38 shippers on this line.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Louisville Branch be included in the ConRail System.

MARYLAND

Intrastate

PC

USRA line number	Terminals
148	Massey to Centreville
149	Massey to Chestertown
150	Queen Anne to Denton
151	Queen Anne to Queenstown
152	Hurlock to Preston
153	Hurlock to Vienna
156	Salisbury to East of Salisbury
163	Kings Creek to Crisfield
676	Salisbury to Hebron

Interstate

Maryland to Delaware (these lines are discussed under Delaware)

147	Massey, Md. to Townsend, Del.
167	Snow Hill, Md. to Indian River, Del.
168	Cambridge, Md. to Seaford, Del.
169	Easton, Md. to Clayton, Del.

Maryland to Pennsylvania

198	North of Frederick, Md. to Spring Grove, Pa.
204a	Hagerstown, Md. to Chambersburg, Pa.

Maryland to Virginia

146	Pokomoke, Md. to Cape Charles, Va.
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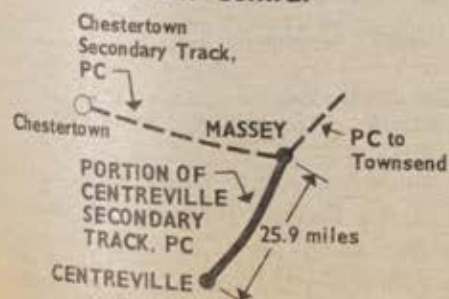
Maryland to West Virginia and Virginia

205	Hagerstown, Md. to Winchester, Va.
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PORTION OF CENTREVILLE SECONDARY TRACK

USRA Line No. 148

Penn Central



This portion of the Centreville Secondary Track, formerly part of the Pennsylvania RR, extends from *Massey* (Milepost 9.2) to *Centreville, Md.* (Milepost 35.1), a distance of 25.9 miles, in Kent and Queen Annes Counties, Md. At Massey, this line continues toward Townsend, Del. where it connects with the PC Delmarva Branch. At this point, it also connects with the PC Chestertown Secondary Track, which is also under study in this Report. In November 1972, the PC applied to the ICC for permission to abandon the line, Docket No. AB-5, Sub. 197. No final action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Millington	10
Sudlersville	2
Barclay	11
Price	2
Centreville	66
Roberts	0

Total carloads generated by the line	91
Average carloads per week	1.8
Average carloads per mile	3.5
Average carloads per train	1.2
1973 operating information:	
Number of round trips per year	75
Estimated time per round trip (hours)	9
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Tidewater Publishing Company of Centreville, which received 250 carloads of paper in 1973, feels that the rising cost of transferring to motor carrier might jeopardize their ability to compete and force them to close. The Delmarva Sash & Door Co. (100 carloads per annum) might be forced to relocate and thereby cause unemployment in this area. Letter to John Ingram (FRA) concerning this branch concludes that: Penn Central has not maintained the line; operating costs have doubled due to substandard track; car movements are 10-20% behind shipper expectations;

and a new company (Soybeans & Chickens) will be opening on this line. USRA staff has not been able to confirm the 250 carloads of paper reported by RSPO.

Information for Line Retention Decision

Revenue received by P C.....	\$34,718
Average revenue per carload.....	\$382

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	206,540
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost).....	27,585
Cost incurred beyond the branch line.....	24,819
Total variable (avoidable) cost.....	258,994

Net contribution (loss) : Total.....	(224,226)
Average per carload.....	(2,464)

Available information indicates that this line requires a total of 3,880 ties (an average of 149 ties per mile) to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

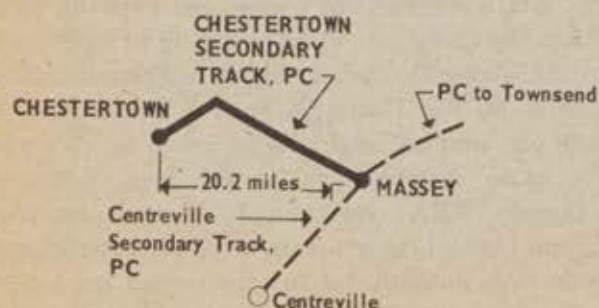
Preliminary Recommendation

It is *not* recommended that this portion of the Centreville Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$224,226 or \$2,464 per carload. Recovery of costs would require approximately a twenty-two-fold increase in traffic or a 645 per cent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

CHESTERTOWN SECONDARY TRACK

USRA Line No. 149

Penn Central



The Chestertown Secondary Track, formerly part of the Pennsylvania RR, extends from *Massey* (Milepost 0.0) to *Chestertown, Md.* (Milepost 20.2), a distance of 20.2 miles, in Kent County, Md. At Massey, this line connects with the Centreville Secondary Track, also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Massey	12
Kennedyville	47
Still Pond	11
Lynch	52
Chestertown	299

Total carloads generated by the line.....	421
Average carloads per week.....	8.1
Average carloads per mile.....	20.8
Average carloads per train.....	5.6
1973 operating information:	
Number of round trips per year.....	75
Estimated time per round trip (hours).....	8.5
Locomotive horsepower.....	1,200
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by the P.M. Brooks & Son, Inc. of Chestertown (53 carloads per annum, with a '74 projection of 130 carloads) indicated that converting to truck carriers would raise the cost of fertilizer by \$4-5 per ton. A letter in behalf of Tenneco Chemicals estimates this company's business to increase in 1975 to 325 carloads to be received and 220 carloads to be shipped. Loss of rail service would hinder the company's competitive ability.

Information for Line Retention Decision

Revenue received by PC.....	\$268,797
Average revenue per carload.....	\$635

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	177,891
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost).....	40,461
Cost incurred beyond the branch line.....	100,609
Total variable (avoidable) cost.....	318,961

Net contribution (loss) : Total.....	(112,164)
Average per carload.....	(267)

This line would not require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

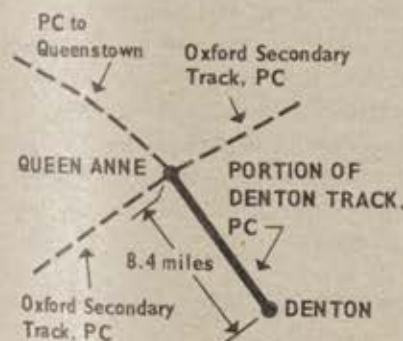
Preliminary Recommendation

Although the preliminary recommendation is that the Chestertown Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$112,164 or \$267 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 40 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

PORTION OF DENTON TRACK

USRA Line No. 150

Penn Central



This portion of the Denton Track, formerly part of the Pennsylvania RR, extends from *Queen Anne* (Milepost 0.0) to *Denton, Md.* (Milepost 8.4), a distance of 8.4 miles, in Queen Annes and Caroline Counties, Md. At Queen Anne, this line connects with the Oxford Secondary Track and with its own continuation to Queenstown. Both of these lines are also under study in this report. In June 1973, application was made to the ICC to abandon this line. (Docket No. AB-5, Sub. 177). No final action has been taken. This line was described as potentially excess in the U.S. DOT Report (see Zone 58).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Hillsboro	14
Denton	164
Total carloads generated by the line	178
Average carloads per week	3.4

Average carloads per mile	21.2
Average carloads per train	3.6
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	3
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that curtailment of rail service would force a shift to the use of motor carriers with a resulting impact on the firms' competitive ability or would cause plant closings and relocation.

Information for Line Retention Decision

Revenue received by PC	\$60,187
Average revenue per carload	\$338

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	71,358
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	9,302
Cost incurred beyond the branch line	45,496

Total variable (avoidable) cost	126,156
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Net contribution (loss): total	(65,969)
Average per carload	(371)

Available information indicates that this line requires a total of 450 ties (an average of 53 ties per mile) to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Data provided at the RSPO hearings indicated that the traffic levels on this line can be expected to increase. However, recovery of costs would require approximately 1,000 carloads per year.

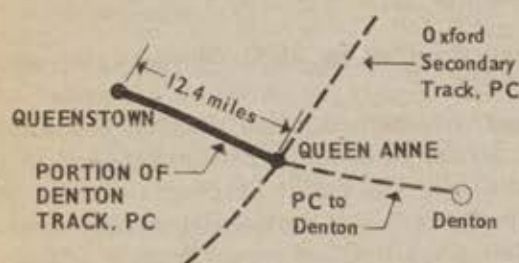
Preliminary Recommendation

It is *not* recommended that this portion of the Denton Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$65,969 or \$371 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 110 per cent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

PORTION OF THE DENTON TRACK

USRA Line No. 151

Penn Central



This portion of the Denton Track extends from *Queen Anne* (Milepost 0.0) to *Queenstown, Md.* (Milepost 12.4), a distance of 12.4 miles, in Queen Annes County, Md. At Queen Anne, this line connects with the Oxford Secondary Track and with its own continuation to Denton; both lines are also under study in this report. In June 1973, application was made to the ICC for permission to abandon this line. (Docket No. AB-5, Sub. No. 118). This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Queenstown	38
Wye Mills	15
Willoughby	0

Total carloads generated by the line	53
Average carloads per week	1.0
Average carloads per mile	4.3
Average carloads per train	0.6
1973 operating information:	
Number of round trips per year	86
Estimated time per round trip (hours)	5
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that curtailment of rail service would force a shift to the use of motor carriers with a resulting impact on the firms' competitive ability or would cause plant closing and relocation.

Information for Line Retention Decision

Revenue received by PC	\$39,388
Average revenue per carload	\$743
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	103,211
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	13,672

Cost incurred beyond the branch line 23,603

Total variable (avoidable) cost 143,486

Net contribution (loss): total (104,098)

Average per carload (1,964)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,169 crossties (an average of 175 crossties per mile).

Data provided at the RSPO hearings indicated that rail traffic on this line may increase somewhat in the future. However, recovery of costs would require an additional 300 carloads per year.

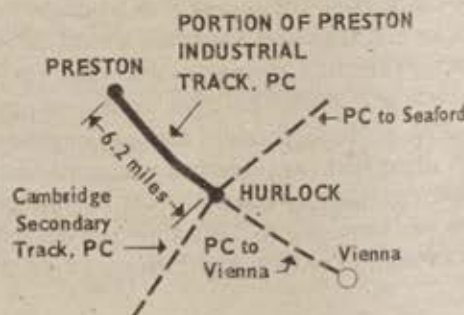
Preliminary Recommendation

It is *not* recommended that this portion of the Denton Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$104,098 or \$1,964 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 264 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

PORTION OF THE PRESTON INDUSTRIAL TRACK

USRA Line No. 152

Penn Central



This portion of the Preston Industrial Track extends from *Preston* (Milepost 10.0), to *Hurlock, Md.* (Milepost 16.2), a distance of 6.2 miles, in Dorchester and Caroline Counties, Maryland. At Hurlock, this line continues to Vienna, and it also connects with the Cambridge Secondary Track. Both of these lines are also

under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Preston	282
Hurlock ¹	44
Total carloads generated by the line	326
Average carloads per week	6.3
Average carloads per mile	52.8
Average carloads per train	5.4
1973 operating information:	
Number of round trips per year	60
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" expressed concern, especially by the Preston Planning and Zoning Commission, about the impact of the loss of rail service on the growth of the community. This sentiment was also expressed by the Dorchester County Commission who also accused PC of intentionally downgrading the line. All of the shippers who testified about this branch feared the costs of shifting to trucks. Nagal Farm Service stated that present rail costs on its rail freight are about \$1.50 per ton, but that truck costs would jump to a range of \$8.50-10.00 per ton.

Information for Line Retention Decision

Revenue received by PC	\$136,730
Average revenue per carload	\$419
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	62,704
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	16,715
Cost incurred beyond the branch line	103,042
Total variable (avoidable) cost	182,461
Net contribution (loss): total	(45,731)
Average per carload	(140)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,307 crossties (an average of 533 crossties per mile).

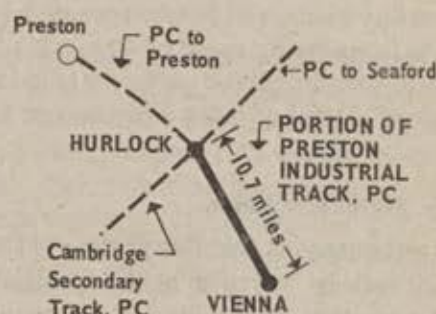
Preliminary Recommendation

It is *not* recommended that this portion of the Preston Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$45,731 or \$140 per carload. Recovery of costs would require approximately a 130 percent increase in traffic or a 30 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

PRESTON INDUSTRIAL TRACK

USRA Line No. 153

Penn Central



This portion of the Preston Industrial Track, extends from Hurlock (Milepost 16.2) to Vienna, Md. (Milepost 26.9), a distance of 10.7 miles, in Dorchester County, Md. At Hurlock, this line connects with the Cambridge Secondary Track of the PC. At this point, it also continues to Preston. Both of these lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hurlock ¹	151
Vienna	14
Total carloads generated by the line	165
Average carloads per week	3.2
Average carloads per mile	15.4
Average carloads per train	3.3

1973 Operating Information:

Number of round trips per year	50
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$54,243
Average revenue per carload	\$329
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	82,750
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	28,062
Cost incurred beyond the branch line	32,457
Total variable (avoidable) cost	143,278
Net contribution (Loss): total	(89,035)
Average per carload	(540)

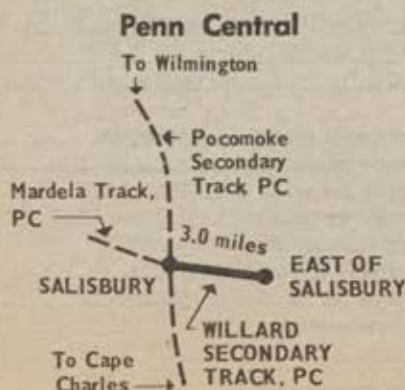
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,336 cross-ties (an average of 592 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Preston Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$89,035 or \$540 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 165 percent rate increase over the 1973 levels.

WILLARD SECONDARY TRACK

USRA Line No. 156



This portion of the Willard Secondary Track extends from Salisbury (Milepost 42.7) to East of Salisbury, Md. (Milepost 45.7), a distance of 3.0 miles, in Wicomico County, Md. At Salisbury, this line connects with the Pocomoke Secondary Track and the Mardela Track of the PC. The latter is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Salisbury ¹	423
Total carloads generated by the line	423
Average carloads per week	8.1
Average carloads per mile	141.0
Average carloads per train	4.2
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Perdue Chickens, Inc., which employs approximately 2,000 people and generates between 500 and 600 carloads per year might be faced with additional transportation costs of \$250,000 per year if rail service is discontinued. Perdue expects to ship or receive 642 carloads in 1974.

Information for Line Retention Decision

Revenue received by PC	\$358,330
Average revenue per carload	\$847
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	42,754
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	3,992
Cost incurred beyond the branch line	152,748
Total variable (avoidable) cost	199,494
Net contribution (loss): Total	158,836
Average per carload	375

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 640 cross-ties (an average of 213 cross-ties per mile).

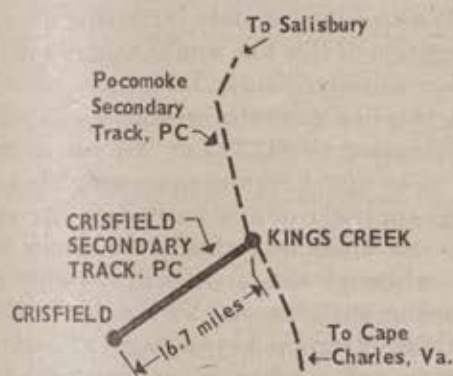
Recommendation

It is recommended that this portion of the Willard Secondary Track be included in the ConRail System.

CRISFIELD SECONDARY TRACK

USRA Line No. 163

Penn Central



The Crisfield Secondary Track, formerly part of the Pennsylvania RR, extends from *Kings Creek* (milepost 0.0), to *Crisfield, Md.* (Milepost 16.7), a distance of 16.7 miles, in Somerset County, Md. At Kings Creek, this line connects with the Pocomoke Secondary Track of the PC. A portion of this line is also under study in this report. In July, 1972, the PC applied for permission to abandon this line (Docket No. AB-5, Sub 71). No final action has been taken in this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 86).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Westover	3
Kingston	2
Marion	8
Crisfield	52
Kings Creek ¹	153

Total carloads generated by the line	218
Average carloads per week	4.2
Average carloads per mile	13.1
Average carloads per train	5.5

1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	5.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only shippers on this segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their report entitled

"The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$118,327
Average revenue per carload	\$542

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	123,985
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	25,361
Cost incurred beyond the branch line	107,733

Total variable (avoidable) cost	257,079
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Net contribution (loss): Total	(138,752)
Average per carload	(636)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4150 crossties (an average of 248 crossties per mile).

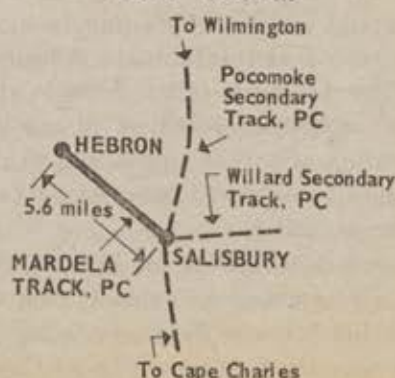
Preliminary Recommendation

It is *not* recommended that the Crisfield Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$138,752 or \$636 per carload. Recovery of costs would require approximately a thirteen-fold increase in traffic or a 117 percent rate increase over the 1973 levels. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

MARDELA TRACK

USRA Line No. 676

Penn Central



The Mardela Track, extends from *Hebron* (Milepost 35.2) to *Salisbury, Md.* (Milepost 40.8), a distance of 5.6 miles, in *Wicomico County, Md.* At *Salisbury*, this line connects with the *Pocomoke Secondary Track* of the *PC*. The latter is also under study in this Report. This line was not described as potentially excess in the *U.S. DOT Report* (see *Zone 86*).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hebron	825
Salisbury ¹	45
Total carloads generated by the line	870
Average carloads per week	16.7
Average carloads per mile	155.4
Average carloads per train	7.0
1973 Operating information:	
Number of round trips per year	125
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated a general concern for future service on this line. The *Marvil Package Co.* which originated 668 carloads and received 1,000 carloads in 1972, stated that trucking commodities would double present shipping costs.

Information for Line Retention Decision

Revenue received by PC	\$118,032
Average revenue per carload	\$136
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	80,825
Cost of upgrading branch line to FRA Class I (1/10) of total upgrading cost	8,170
Cost incurred beyond the branch line	72,582
Total variable (avoidable) cost	161,577
Net contribution (loss): total	(43,545)
Average per carload	(50)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,350 cross-ties (an average of 241 cross-ties per mile).

The *Penn Central's* C&D Canal Bridge, which is required to serve the *Delmarva Peninsula* from the North, was unserviceable between February 2 and April 21, 1973, leaving only the float operation at *Cape Charles*

to serve the traffic. The resulting service problem may have artificially reduced the 1973 traffic volumes, and more current data will be evaluated before a final recommendation is made.

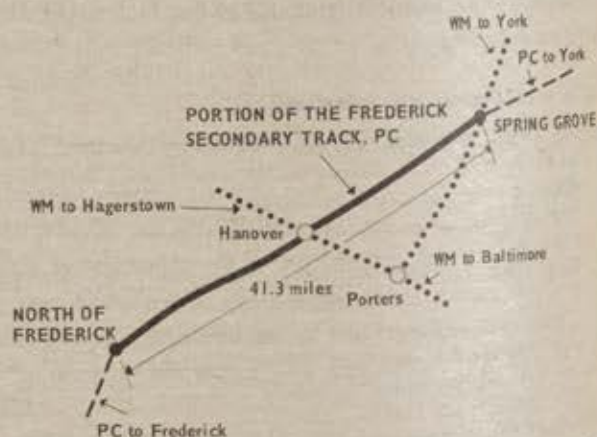
Preliminary Recommendation

Although the preliminary recommendation is that the *Mardela Track* not be included in the *ConRail System*, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$43,545 or \$50 per carload. Recovery of costs would require approximately a 90 percent increase in traffic or a 40 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable. During 1973, normal service to the *Delmarva Peninsula* was interrupted by damage to the *C&D Canal* bridge and by reduced float service due to the drydocking of the float. This may have had an adverse impact on the rail traffic generated in the area, but *NOT* substantially enough to affect the recommendation.

PORTION OF THE FREDERICK SECONDARY TRACK

USRA Line No. 198

Penn Central



This portion of the *Frederick Secondary Track*, formerly part of the *Pennsylvania RR*, extends from *Spring Grove, Pa.* (Milepost 23.9), to *North of Frederick, Md.* (Milepost 65.2), a distance of 41.3 miles, in *York County, Pennsylvania*, and *Carroll and Frederick Counties, Md.* Continuations of this line extend southward to *Frederick* and northward from *Spring Grove* to *York*. Connections with the *Western Maryland* are made at *Hanover* and *Spring Grove*. These connecting lines extend to *Hagerstown, York* and *Baltimore*. The

continuation to Frederick is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 93 and 88).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Spring Grove	1,669
Hanover	1,500
Sell	50
Littlestown	405
Taneytown	90
Keymar	33
Legore	1
Woodsboro	136
Walkersville	240
Frederick	1

Total carloads generated by the line	4,125
Average carloads per week	79.3
Average carloads per mile	99.9
Average carloads per train	15.9
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	10.0
Locomotive horsepower	3,500
Train crew size	4.0

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Allis-Chalmers Corp. (steel, turbines) estimated 375 carloads in 1973 and that if it were forced to discontinue production of turbines, it would have to terminate 865 jobs. Jiffy Mfg. Co. estimated 93 carloads in 1973 and without rail service would be forced to close. P. H. Glatfelter estimated 6,962 carloads in 1973. United Cabinet began operation April 1, 1974, from an expanded facility, and estimated 311 carloads in 1973, projected 600 carloads in 1974.

Chemtron Corp. estimated 386 carloads in 1973. However, in testimony at Chicago by Tad M. Walters, Chemtron, indicated the Hanover plant had no outbound rail shipments because of unavailability of cars, long delays in transit, and damage to shipments. Common and contract carriers were used instead. Testifying at Baltimore, Frank Stevens, Clorex Co., served by the B&O at Frederick, which moves over the PC line, states this facility used 100 tank cars inbound annually and 25 box cars annually.

Information for Line Retention Decision

Revenue received by PC	\$1,138,877
Average revenue per carload	\$276
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	565,323

Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)	79,800
Cost incurred beyond the branch line	835,896

Total variable (avoidable) cost 1,481,019

Net contribution (loss): Total (342,142)
Average per carload (83)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 14,376 crossties (an average of 348.1 crossties per mile).

Littlestown developers stated they are planning an industrial park in the next 2-3 years.

Although service to the entire line generates a loss, service to the line from milepost 23.9 to milepost 33.0 (serving shippers at Spring Grove and Hanover who generated 3,169 carloads in 1973) would generate \$790,364 in revenue and \$761,301 in costs with a resulting net contribution of \$29,063 or \$9 per carload.

Recommendation

It is recommended that the portion of the Frederick Secondary Track between milepost 23.9 and milepost 33.0 be included in the ConRail System.

Preliminary Recommendation

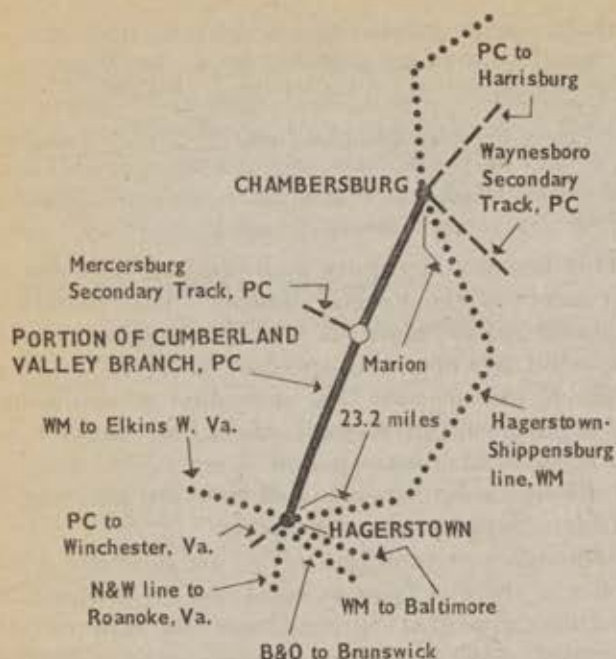
It is *not* recommended that the portion of the Frederick Secondary Track between milepost 33.0 and milepost 65.2 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$371,205 or \$388 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 105 percent rate increase over the 1973 levels.

PORTION OF THE CUMBERLAND VALLEY BRANCH

USRA Line No. 204a

Penn Central

This portion of the Cumberland Valley Branch, formerly part of the Pennsylvania RR, extends from Chambersburg, Pa. (Milepost 51.6) to Hagerstown, Md. (Milepost 74.8), a distance of 23.2 miles, in Franklin County, Pennsylvania, and Washington County, Maryland. A continuation of this line extends northward from Chambersburg, and is also under study in this Report. At Hagerstown this line connects with the Western Maryland Baltimore-Elkins line, the Norfolk & Western line to Roanoke, Va., the Western Maryland



line to Shippensburg, and the Baltimore & Ohio to Brunswick. Other connections are the PC Winchester Secondary Track at Hagerstown, the PC Mercersburg Secondary Track at Marion, the Waynesboro Secondary Track and the Western Maryland Hagerstown-Shippensburg Branch at Chambersburg. The last three PC lines mentioned are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 80 and 88).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Greencastle	4,647
Maugansville	206
Hagerstown ¹	6,919
Marion	3,869
Chambersburg ¹	136

Total carloads generated by the line	15,777
Average carloads per week	303.4
Average carloads per mile	680.0
Average carloads per train	43.8
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that specific information was given only for the extension of this line between Chambersburg and Harris-

burg. The Borough of Chambersburg recommended that the Western Maryland Railroad serve the community over the PC right-of-way. This would enable the community to solve a serious grade-crossing problem since the PC right-of-way is elevated while the Western Maryland is at street level.

Information for Line Retention Decision

Revenue received by PC	\$7,038,800
Average revenue per carload	\$446

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	759,676
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	4,694,643

Total variable (avoidable) cost

Net contribution (loss) total	1,584,571
Average per carload	100

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

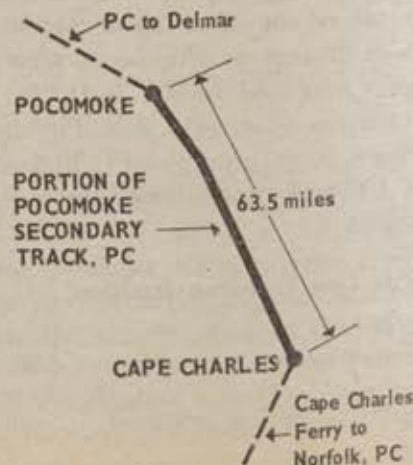
Recommendation

It is recommended that this portion of the Cumberland Valley Branch be included in the ConRail System. While ConRail will provide service to all the stations and industries on this line segment, there is a parallel line. Segments of the Cumberland Valley branch line not required to serve customers may be removed.

PORTION OF THE POCOMOKE SECONDARY TRACK

USRA Line No. 166

Penn Central



This portion of the Pocomoke Secondary Track, formerly part of the Pennsylvania RR, extends from Pocomoke, Md. (Milepost 31.5) to Cape Charles, Va. (Milepost 95.0), a distance of 63.5 miles, in Worcester County, Maryland and Accomack and Northampton Counties, Virginia. At Pocomoke this line continues north to Delmar. At Cape Charles the line connects with the PC Cape Charles freight-car ferry to Norfolk, Va. The latter line is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 86 and 182).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Church	179
Lecato	305
Makemie Park	55
Oak Hall	5
Hallwood	138
Mears	2
Cheriton	369
Bay View	42
Bloxom	163
Hopetou	32
Parksley	131
Green Bush	165
Tasley	207
Onley	386
Cape Charles	914
Melfa	160
Keller	84
Painter	80
Belle Haven	148
Exmore	279
Nassawadox	18
Chesapeake	4
Wierwood	24
Birdsnest	21
Machipongo	83
Kendall Grove	1,413
Eastville	80
Simpkins	7
Total carloads generated by the line	5,494
Average carloads per week	105.7
Average carloads per mile	86.5
Average carloads per train	27.5
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	11
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Bayshore Concrete Products Corp. believes shift to motor carrier would result in a yearly cost increase of \$60,000. Congressman Thomas N. Downing of the First

District of Virginia noted that liquid fertilizer may not be brought by truck through the Chesapeake Bay Bridge Tunnel. Brown & Root, Inc., estimated 594 carloads in 1973 and estimated 652 carloads in 1974. This firm recently purchased land for a new factory on this line. The Association of Virginia Potato and Vegetable Growers estimated 4,900 carloads in 1973. Byrd Foods Inc. at Parksley estimated 50 originating carloads in 1973 but could generate 220 cars yearly if they had better service. Lance J. Eller, Inc., shifted from 100 percent reliance on rail service in 1972 to 63 percent in 1973. This company estimated 846 carloads in 1972 compared with 238 in 1973.

A. R. Lupcho, Jr., Campbell Soup, reported this line carries 300 carloads of frozen foods per year and projects 400 carloads. If Cape Charles Ferry route is abandoned, shipments would move 210 additional rail miles.

Robert Wilkins, Northern Propane Gas Co., Princess Anne, Md., stated 23 tank cars delivered 700,000 gallons of LP-gas to this plant and projects 63 tank cars in 1974.

C. Brooks Nagel, Nagel Farm Service, stated they received 82 carloads in 1973 from Portsmouth over the ferry and projects 300 carloads.

John William Eder, Jr., Zapata Haynie Corp., stated they shipped 333 rail cars in 1973 through PC yard at Cape Charles.

Information for Line Retention Decision

Revenue received by PC	\$1,432,698
Average revenue per carload	\$261
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	681,435
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	64,643
Cost incurred beyond the branch line	992,173
Total variable (avoidable) cost	1,738,251
Net contribution (loss): total	(305,553)
Average per carload	(56)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,500 cross-ties (an average of 102 cross-ties per mile).

This analysis excludes the revenues and costs associated with the traffic using the float operation. There are alternative through routes for routing the overhead traffic using the car float. A detailed analysis of the float operation is contained in Volume II, Chapter 18.

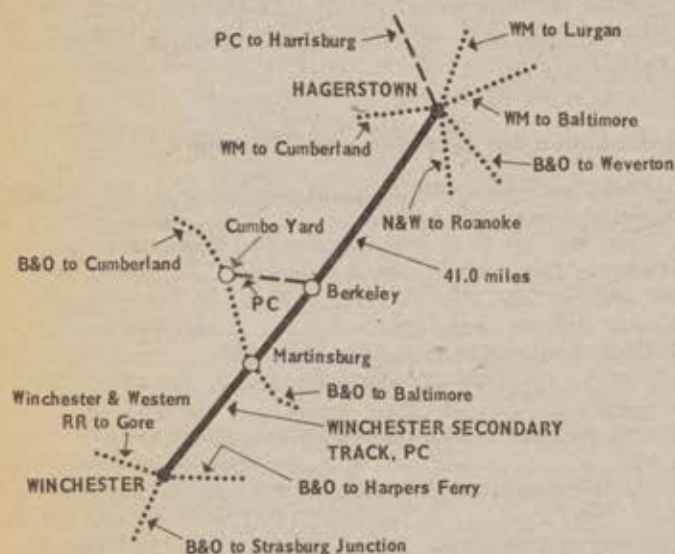
Preliminary Recommendation

It is *not* recommended that this portion of the Pocomoke Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$305,553 or \$56 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 20 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable. During 1973, normal service to the Delmarva Peninsula was interrupted by damage to the C&D Canal bridge and by reduced float service due to the drydocking of the float. Other carriers have expressed interest in this line. (See discussion Appendix D and USRA line 165 above.)

WINCHESTER SECONDARY TRACK

USRA Line No. 205

Penn Central



This portion of the Winchester Secondary Track, formerly part of the Pennsylvania RR, extends from Hagerstown, Md. (Milepost 74.8), to Winchester, Va. (Milepost 115.8), a distance of 41.0 miles, in Washington County, West Virginia and Frederick County, Virginia. At Hagerstown, this line connects with the PC Cumberland Valley Branch, also under study in this report. Also at Hagerstown, this line connects with the Western Maryland Baltimore-Elkins Line, the Norfolk & Western to Roanoke, the Baltimore & Ohio line to Brunswick, Md., and the Western Maryland line to Shippensburg, Pa. In addition, this line connects with:

the PC Cumbo Secondary Track at Berkeley, W. Va.; and the Baltimore & Ohio Strasburg Branch and the Winchester & Western RR at Winchester. The Cumbo Secondary Track is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 188, 189 and 196).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Williamsport	62
Falling Water ¹	955
Martinsburg	952
Tabers	21
Inwood	641
Clearbrook	2,450
Winchester	2,089
Hagerstown	71

Total carloads generated by the line	7,191
Average carloads per week	138.3
Average carloads per mile	175.3
Average carloads per train	24.0
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	4,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that Western Electric Company's new distribution center at Tabers, W. Va., is expected to generate between 975 and 1,000 carloads yearly by 1975. Western Electric performed an informal survey of users on this line and indicated that if their 1,000 carloads are included, the line's total annual volume would be almost 9,600 carloads. Corning Glassworks estimated 249 carloads in 1973; Erath Veneer projected 100 carloads. Kayser-Roth projected 300 carloads; Allied/Egry Business Systems estimated 321 carloads in 1973; Greer Steel Co. (Germany Valley Limestone) estimated 450 originating carloads in 1973. They stated in the RSPO hearings that "over the past 6 years an additional 20% of rail tonnage was lost because cars were not available." Mr. Thomas McGrath, Certain-Teed Products, submitted testimony at Baltimore, Md., stating the company has \$3,337,000 invested in the plant and has planned capital improvements of \$385,000 for 1974. He estimated 246 carloads for 1975.

Information for Line Retention Decision

Revenue received by PC	\$2,544,195
Average revenue per carload	\$354

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	691,420
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	34,430
Cost incurred beyond the branch line....	1,633,397

Total variable (avoidable) cost.....	2,359,265
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Net contribution (loss) : total.....	184,930
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Average per carload.....	26
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This line would require upgrading to meet the require-

ments of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,000 crossties (an average of 72 crossties per mile).

Recommendation

It is recommended that this portion of the Winchester Secondary Track be included in the ConRail System.

MASSACHUSETTS

Intrastate

PC

USRA line number	Terminals
6	Millbury to Millbury Junction
8/8a/9	Palmer to South Barre
10/10a/11	North Adams Junction to North Adams
13	South Sudbury to Lowell
14	Framingham Centre to Clinton
14a	Clinton to Fitchburg
15	South Braintree to Plymouth
16	Plymouth Secondary Track at Plymouth
17	North Abington to West Hanover
19	Westdale to East Bridgewater
20	Middleboro to Buzzards Bay
21	Buzzards Bay to Hyannis
22	Yarmouth to South Dennis
23/24	Buzzards Bay to Falmouth
25	Stoughton to Easton
26	Dedham to Readville
29	Cedar to Wrentham
30	Cedar to East Walpole
31/32	Walpole to Milford
33	Forest Hills to Needham Junction
34	Needham Junction to Cook Street
35	Needham Junction to Medfield Junction
682	Canton Junction to Stoughton
683	Westfield to Holyoke
684	Westfield to Easthampton

Interstate

Massachusetts to Connecticut (these lines are discussed under Connecticut)

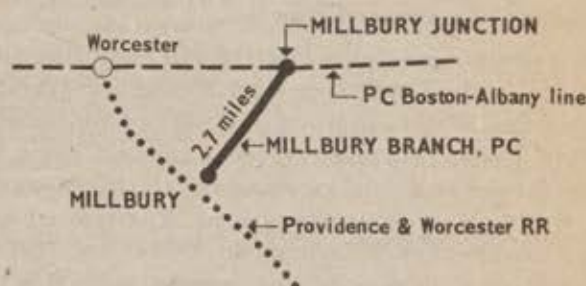
40	Webster, Mass. to Southbridge, Mass.
44	East Longmeadow, Mass. to Hazardville, Conn.
54	Westfield, Mass. to Simsbury, Conn.
59	South Lee, Mass. to Canaan, Conn.
678a	Auburn, Mass. to Putnam, Conn.

MILLBURY BRANCH

USRA Line No. 6

Penn Central

The Millbury Branch, formerly a branch of the New York Central RR, extends from *Millbury Junction* (Milepost 0.0) to *Millbury, Mass.* (Milepost 2.7), a distance of 2.7 miles, in Worcester County, Mass. At Millbury Junction it connects with the Boston-Albany line



of the Penn Central; at Millbury with the Providence & Worcester RR. This line was not described as potentially excess in the U.S. DOT Report (see Zone 25).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Millbury	91
Total carloads generated by the line	91
Average carloads per week	1.8
Average carloads per mile	33.7
Average carloads per train	1.8
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$36,964
Average revenue per carload	\$406
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	26,860
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	3,605
Cost incurred beyond the branch line	20,840
Total variable (avoidable) cost	51,305
Net contribution (loss): total	(14,341)
Average per carload	(158)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 530 crossties (an average of 196.3 crossties per mile).

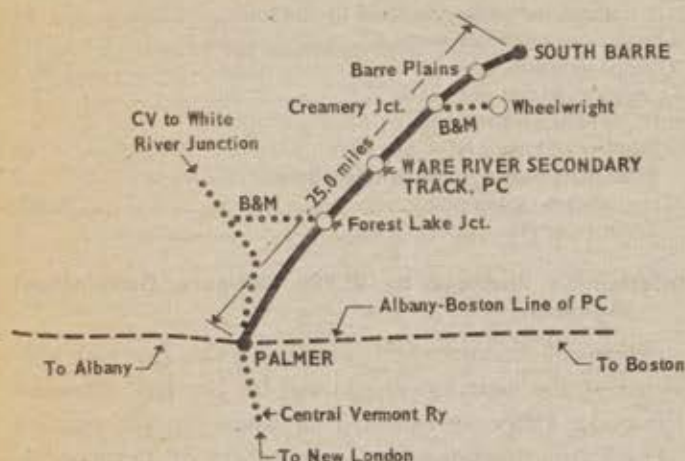
Preliminary Recommendation

It is *not* recommended that the Millbury Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$14,341 or \$158 per carload. Recovery of costs would require approximately an 88 percent increase in traffic or a 40 percent rate increase over the 1973 levels.

WARE RIVER SECONDARY TRACK,

USRA Line No. 8-8a-9

Penn Central



The Ware River Secondary Track, formerly a branch of the New York Central RR, extends from Palmer (Milepost 0.0) to South Barre, Mass. (Milepost 25.0), a distance of 25.0 miles, in Hampden, Hampshire and Worcester counties, Mass. This line connects with the Albany-Boston line of the Penn Central and with the Central Vermont Railway at Palmer. The Wheelwright Branch of the Boston & Maine comes in from Northampton at Forest Lake Junction (Milepost 7.2) and uses these tracks as far as Creamery Junction (Milepost 18.4), where it diverges for Wheelwright. The portion between Creamery Junction and Wheelwright is being served temporarily by the PC as a washout between Northampton and Forest Lake Junction has made that portion inaccessible to the B&M. Except for the portion of the line between Barre Plains (Milepost 23.7) and South Barre, this line was not declared as potentially excess in the U.S. DOT Report (see Zones 21 and 24).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Palmer ¹	81
Thorndike	245
Ware	9
Gilbertville	29
Old Furnace	54
Barre Plains	344
S. Barre	15

Total carloads generated by the line	780
Average carloads per week	15.0
Average carloads per mile	31.2
Average carloads per train	3.0
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	10.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that traffic loadings for a part of the line should be corrected to show 1972 volumes of 30 carloads per year for Barre Plains and 486 cars for South Barre. USRA staff has found that Barre Wool Company at South Barre and Roman Tissue Mills in Wheelwright (on the B&M Line) are both closing their facilities.

Information for Line Retention Decision

Revenue received by PC	\$290,673
Average revenue per carload	\$380
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	307,810
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	55,939
Cost incurred beyond the branch line	208,011
Total variable (avoidable) cost	572,760
Net contribution (loss): total	(276,087)
Average per carload	(354)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 12,500 crossties (an average of 500 crossties per mile). The State of Massachusetts has asked USRA to consider shippers in Ware and Wheelwright, formerly served by the B&M, to have service provided by Penn Central and/or ConRail. This service program was required as the result of a washout

of a bridge on the B&M line west of Forest Lake Junction.

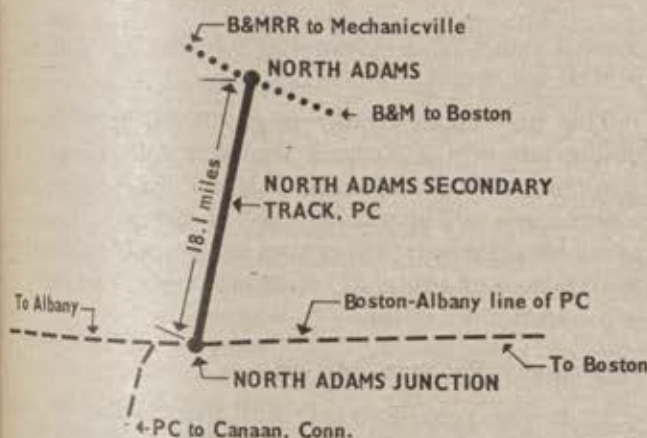
Preliminary Recommendation

It is *not* recommended that the Ware River Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$276,087 or \$354 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 90 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will NOT make the line viable.

NORTH ADAMS SECONDARY TRACK

USRA Line No. 10-10a-11

Penn Central



The North Adams Secondary Track, formerly part of the New York Central RR, extends from *North Adams Junction* (Milepost 0.0) to *North Adams, Mass.* (Milepost 18.1), a distance of 18.1 miles in Berkshire County, Mass. This line connects with the Albany-Boston line of the Penn Central at North Adams Junction, and with the Boston & Maine RR at North Adams. The portion from Adams to North Adams was not identified for study; however, on October 26, 1973, the PC filed for abandonment of the northern portion of the line, 3.2 miles from Zylonite to North Adams, severing the B&M connection. The portion of this line from North Adams Junction to Adams (Milepost 13.1) was declared potentially excess in the U.S. DOT Report (see Zones 22 and 23).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Farmans	2
Cheshire	1
Adams	855
Benfrew	1,670
Zylonite	373

Stations (with their 1973 carloads) served by this line—Continued

North Adams	160
Coltsville	5

Total carloads generated by the line	3,066
Average carloads per week	59.0
Average carloads per mile	169.4
Average carloads per train	11.8
1973 operating information:	
Number of pound trips per year	260
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that ten shippers located at Adams would be isolated if the segment between N. Adams Jct. and Adams as well as the segment between Adams and N. Adams were abandoned. These ten shippers generated 2,546 carloads in 1973, and according to their statements, expect to generate in excess of 3,575 carloads per year in the future. The largest shipper is Charles Pfizer, Inc., a heavy outbound shipper of limestone. The Pfizer Company expressed a doubt that the B&M Hoosac Tunnel route could handle their limestone shipments. The community expressed a fear that any abandonment of rail service to Adams would make it difficult to pay off the community's new water pollution control system bonds. Bond payments are dependent upon plant user fees. It was also reported that Warren Smith of New York is attempting to establish a short line railroad company which would operate on the Penn Central Berkshire Line, south to the former New Haven Shoreline route.

Information for Line Retention Decision

Revenue received by PC	\$1,075,119
Average revenue per carload	\$351
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	344,098
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	21,228
Cost incurred beyond the branch line	650,276
Total variable (avoidable) cost	1,015,602
Net contribution (loss): total	59,517
Average per carload	19

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 cross-ties (an average of 110 cross-ties per mile).

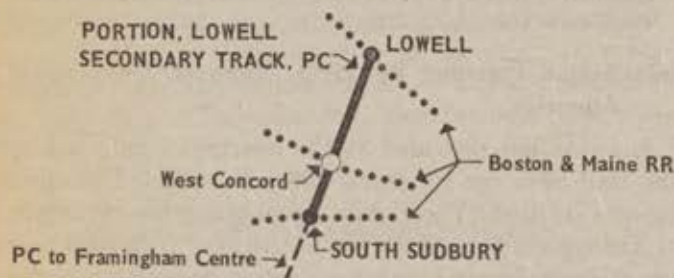
Recommendation

It is recommended that the North Adams Secondary Track be included in the ConRail System.

PORTION OF LOWELL SECONDARY TRACK

USRA Line No. 13

Penn Central



This portion of the Lowell Secondary track, formerly a part of the New Haven RR, extends from *South Sudbury* (Milepost 0.0) to *Lowell, Mass.* (Milepost 26.5), a distance of 26.5 miles, in Middlesex County, Mass. This line connects with its own southerly continuation at South Sudbury, with the Central Massachusetts branch of the Boston & Maine RR, also at South Sudbury, with the Boston-Mechanicville main line of the Boston & Maine at West Concord (Milepost 11.5), and with the Boston-White River Junction main line of the Boston & Maine at Lowell. This line was declared potentially excess in the U.S. Department of Transportation Report (see Zones 13, 14 and 19).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Sudbury	30
Sudbury	9
W. Concord	3
Acton	120
S. Chelmsford	3
Chelmsford	104
Lowell	649

Total carloads generated by the line	918
Average carloads per week	17.7
Average carloads per mile	34.6
Average carload per train	3.5
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	6
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that three firms located in Acton (2.3 miles north of W. Concord) are active users of this line. Deck House, Inc., expects to double its 1973 traffic, and Dewey and Almy expect a 10-percent increase in carloads. Acorn Structures, a new firm, projects its traffic requirements to reach 150 carloads annually. USRA can find no record of these shippers on the PC at Acton; they appear to be served by the B&M at South Acton.

Information for Line Retention Decision

Revenue received by PC	\$375,716
Average revenue per carload	\$400
Variable (avoidable) cost of continued services:	
Cost incurred on the branch line	271,351
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	51,444
Cost incurred beyond the branch line	264,045
Total variable (avoidable) cost	586,840
Net contribution (loss): Total	(211,124)
Average per carload	(230)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 10,732 crossties (an average of 405 crossties per mile).

Preliminary Recommendation

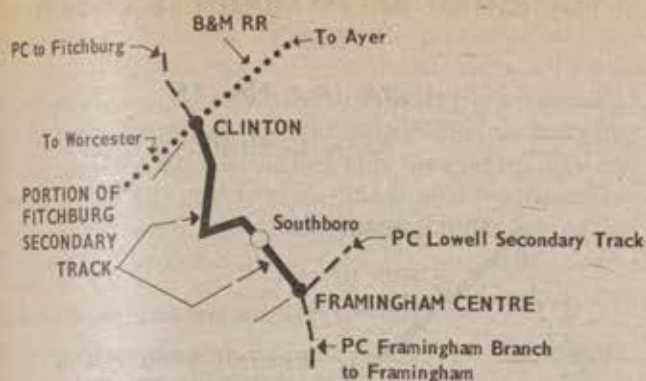
It is *not* recommended that this portion of the Lowell Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$211,124 or \$230 per carload. Recovery of costs would require approximately a twofold increase in traffic or a 60 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will not make the line viable.

PORTION OF FITCHBURG SECONDARY TRACK

USRA Line No. 14

Penn Central

This portion of the Fitchburg Secondary Track, formerly a part of the New Haven RR, extends from *Framingham Centre* (Milepost 0.0) to *Clinton, Mass.* (Milepost 22.0), a distance of 22.0 miles, in Middlesex and Worcester Counties, Mass. This line connects with the PC Framingham branch and Lowell Secondary Track,



both at Framingham Centre, with its own northerly continuation at Clinton, also under study in this Report, and with the Worcester-Ayer line of the Boston & Maine RR at Clinton. The portion of this line from Southboro (Milepost 4.5) to Clinton was declared potentially excess in the U.S. DOT Report; the portion from Framingham Centre to Southboro was not (see Zones 14, 19 and 25).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Framingham Centre ¹	877
Southboro	1,050
Marlboro	1
Northboro	1,684
Berlin	7
Clinton	666

Total carloads generated by the line	4,285
Average carloads per week	82.4
Average carloads per mile	194.8
Average carloads per train	16.5
1973 Operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	12.0
Locomotive horsepower	1,500
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that local industries along this line would suffer increases in costs or be forced out of business, if rail service were withdrawn. The New England Wholesale Grocers Co. reported that the loss of Penn Central service to Northboro would increase the cost of goods from 10 cents to 16 cents per case. Colonial Press and The William Reisner Co. indicated that the loss of rail service at Clinton would force their closure and result in the loss of 1,600 jobs. However, the Colonial Press receives its traffic from the Boston & Maine.

Information for Line Retention Decision

Revenue received by PC	\$1,803,805
Average revenue per carload	\$421
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	403,441
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	32,241
Cost incurred beyond the branch line	1,258,263
Total variable (avoidable) cost	1,693,945
Net contribution (loss) total	109,860
Average per carload	26

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph) based on available information, this upgrading would include the replacement of a total of 5,940 crossties (an average of 270 crossties per mile).

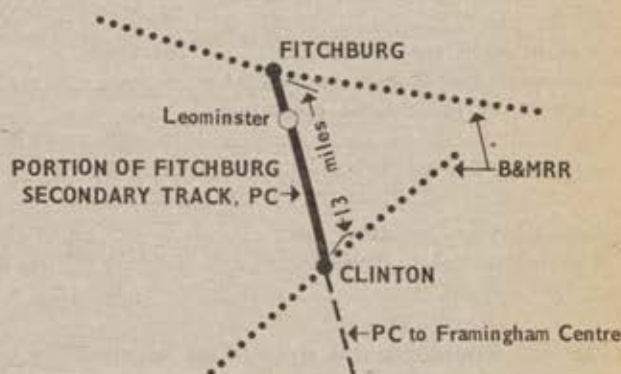
Recommendation

It is recommended that this portion of the Fitchburg Secondary Track be included in the ConRail System.

PORTION OF FITCHBURG SECONDARY TRACK

USRA Line No. 14a

Penn Central



This portion of the Fitchburg Secondary Track, formerly a part of the New Haven RR, extends from Clinton (Milepost 22.0) to Fitchburg, Mass. (Milepost 35.0), a distance of 13.0 miles, in Worcester County, Mass. This line connects with its own southeasterly continuation at Clinton, also under study in this Report, with the Worcester-Ayer line of the Boston & Maine RR, also at Clinton, and with the Boston-Mechanicville line of the Boston & Maine at Fitchburg. The portion of this line from Clinton to Leominster (Milepost 30.7)

was declared potentially excess in the U.S. DOT Report; the portion from Leominster to Fitchburg was not (see Zones 19, 20 and 25).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line.

Pratt's Jet.	69
Leominster	2,398
Fitchburg	516

Total carloads generated by the line	2,983
Average carloads per week	57.4
Average carloads per mile	229.5
Average carloads per train	11.5

1973 operating information:

Number of round trips per year	260
Estimated time per round trip (hours)	12.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided by the Leominster and Fitchburg Chambers of Commerce at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the railroad line between Leominster and Northboro generated 4,097 carloads in 1973, or 153 carloads per mile.

Information for Line Retention Decision

Revenue received by PC	\$2,245,676
Average revenue per carload	\$753
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	354,116
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	15,393
Cost incurred beyond the branch line	1,787,992
Total variable (avoidable cost)	2,157,546
Net contribution (loss): Total	88,130
Average per carload	30

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,510 crossties (an average of 270 crossties per mile).

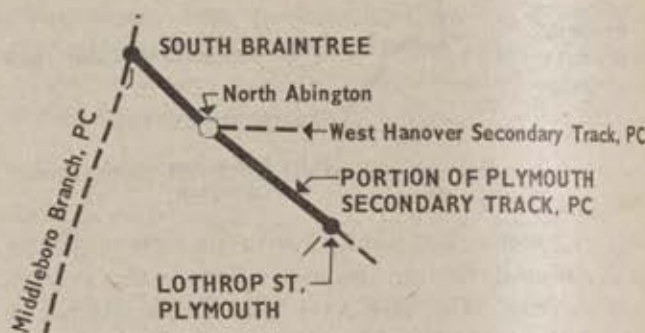
Recommendation

It is recommended that this portion of the Fitchburg Secondary Track be included in the ConRail System.

PORTION OF THE PLYMOUTH SECONDARY TRACK

USRA Line No. 15

Penn Central



This portion of the Plymouth Secondary Track, formerly part of the New Haven RR, extends from South Braintree (Milepost 1.7) to Plymouth, Mass. (Milepost 27.1), a distance of 25.4 miles, in Norfolk and Plymouth Counties, Mass. This line connects with the Middleboro Branch of the Penn Central at South Braintree, with the West Hanover Secondary track of the PC at North Abington and with its own southerly continuation at Lothrop Street, Plymouth. The two latter lines are also under study in this Report. Although PC operates the freight service on this line, it is owned by the Massachusetts Bay Transportation Authority. MBTA bought the line from the PC in January 1973 for possible future passenger transportation use. This line was described as potentially excess in the U.S. DOT Report (see Zones 14, 15 and 16).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Weymouth	78
N. Abington	34
Abington	182
Whitman	147
S. Hanson	87
Burrage	1
Kingston	84
Cordage	0
N. Plymouth	405

Total carloads generated by the line	1,018
Average carloads per week	19.6
Average carloads per mile	40.1
Average carloads per train	8.9
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	9
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that John J. Gallagher, Inc., S. Weymouth, Mass. shipped an estimated 75-100 carloads in 1973 and is projecting 295 carloads. Because of the increase (70%) in population in this area since 1960, evidence was introduced to show that tourists and Boston Commuters would benefit from improved commuter-passenger service if it were extended to Plymouth.

Information for Line Retention Decision

Revenue received by PC	\$350,969
Average revenue per carload	\$345
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	213,725
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	37,348
Cost incurred beyond the branch line	267,347
Total variable (avoidable) cost	518,420
Net contribution (loss): Total	(167,451)
Average per carload	(164)

Excludes ownership costs due to MBTA ownership.

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 8,856 crossties (an average of 348 crossties per mile).

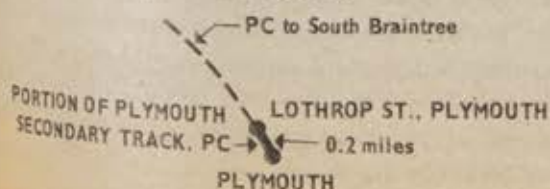
Preliminary Recommendation

It is not recommended that freight service be provided over this portion of the Plymouth Secondary Track by the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$167,451 or \$164 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 45 per cent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will not make the line viable.

PORTION OF THE PLYMOUTH SECONDARY TRACK

USRA Line No. 16

Penn Central



This portion of the Plymouth Secondary Track, formerly part of the New Haven RR, extends from Lothrop Street, Plymouth (Milepost 27.1), to Plymouth, Mass. (Milepost 27.3), a distance of 0.2 miles, in Plymouth County, Massachusetts. It connects with the northerly continuation of this line at Lothrop Street, Plymouth, which sector is also under study in this report. This line was described as potentially excess in the U.S. DOT Report. (See Zone 16.) The PC had previously filed with the ICC for abandonment of this sector in October, 1972 (Docket No. AB-5, 136).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Plymouth	100
Total carloads generated by the line	100
Average carloads per week	1.9
Average carloads per mile	500.0
Average carloads per train	1.9
1973 Operating Information:	
No. of Round Trips Per Year	52
Estimated Time Per Round Trip (hours)	0.5
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$43,124
Average revenue per carload	\$431
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	10,108
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	370
Cost incurred beyond the branch line	37,796
Total variable (avoidable) cost	48,274
Net contribution (loss) total	(5,150)
Average per carload	(52)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 108 crossties (an average of 540 crossties per mile). This line was sold to the 350th Anniversary of Plymouth, Inc. on June 17, 1971. PC retained easement to occupy the premises and serve the team-track facility pending ICC approval to abandon.

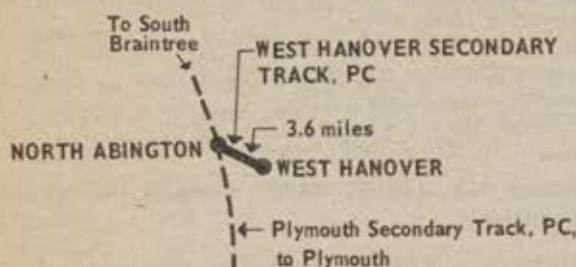
Preliminary Recommendation

It is *not* recommended that this portion of the Plymouth Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$5,150 or \$52 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 12 percent rate increase over the 1973 levels.

WEST HANOVER SECONDARY TRACK

USRA Line No. 17

Penn Central



The West Hanover Secondary Track, formerly a part of the New Haven RR, extends from a junction with the PC Plymouth Secondary Track at *North Abington* (Milepost 0.0) to *West Hanover, Mass.* (Milepost 3.6), a distance of 3.6 miles, in Plymouth County, Mass. (The Plymouth Secondary Track is also under study in this Report. This line was declared potentially excess in the U.S. DOT Report (see Zone 14).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rockland	37
West Hanover	562
Total carloads generated by the line	599
Average carloads per week	11.5
Average carloads per mile	166.4
Average carloads per train	3.8
1973 Operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that seven firms rely on freight service along this line. Two firms expect to increase their 1973 traffic levels. United Cabinet Corp. forecasts a doubling of traffic to 295 annual carloads while Angelo's Supermarket expects produce carloads to reach 450 per year versus 300 in 1973. United Cabinet Corp., with 25 employees, expects to close its plant if rail service is terminated. USRA has found that both United Cabinet and Angelo's have recently expanded their facilities.

Information for Line Retention Decision

Revenue received by PC	\$164,558
Average revenue per carload	\$275
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	55,609
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost) ..	10,960
Cost incurred beyond the branch line	149,528
Total variable (avoidable) cost	216,097
Net contribution (loss) Total	(51,539)
Average per carload	(86)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,944 crossties (an average of 540 crossties per mile). Available information indicates that the traffic level on this line may increase 300 carloads over the 1973 level. However, recovery of costs would require a three-fold increase in traffic.

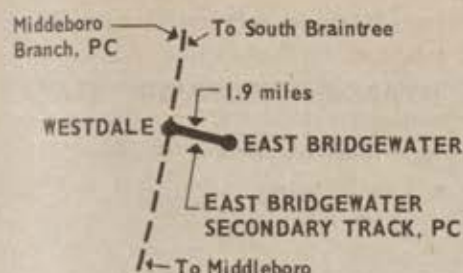
Preliminary Recommendation

Although the preliminary recommendation is that the West Hanover Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$51,539 or \$86 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 30 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

EAST BRIDGEWATER SECONDARY TRACK

USRA Line No. 19

Penn Central



The East Bridgewater Secondary track, formerly a part of the New Haven RR, extends from *Westdale* (Milepost 0.0) to *East Bridgewater, Mass.* (Milepost 1.9) a distance of 1.9 miles, in Plymouth County, Mass. At Westdale this line connects with the Middleboro Branch of the Penn Central. This line was not declared potentially excess in the U.S. DOT Report (see Zone 15). The Penn Central has filed an application to the ICC to abandon it in July 1972, Docket No. AB-5, Sub. 66. The application has not been acted on.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
E. Bridgewater ¹	112
Total carloads generated by the line	112
Average carloads per week	2.2
Average carloads per mile	59.0
Average carloads per train	2.2
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1
Locomotive horsepower	1750
Train crew size	4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$38,386
Average revenue per carload	\$343
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	18,849
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	2,505
Cost incurred beyond the branch line	22,455
Total variable (avoidable) cost	43,809
Net contribution (loss): Total	(5,423)
Average per carload	(48)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 50 crossties (an average of 42 crossties per mile).

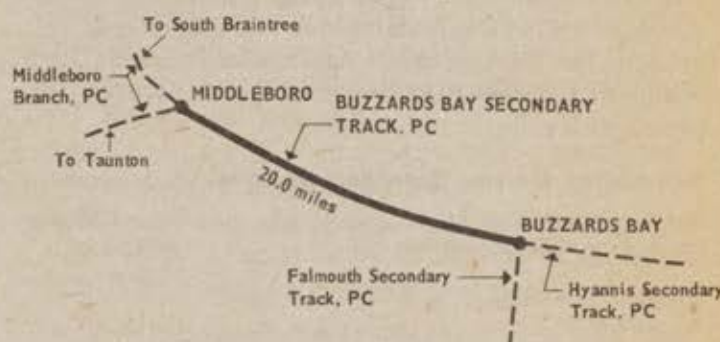
Preliminary Recommendation

It is *not* recommended that the East Bridgewater Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$5,423 or \$48 per carload. Recovery of costs would require approximately a 130 percent increase in traffic or a 14 percent rate increase over the 1973 levels.

BUZZARDS BAY SECONDARY TRACK

USRA Line No. 20

Penn Central



The Buzzards Bay Secondary Track, formerly part of the New Haven RR, extends from *Middleboro* (Milepost 0.0) to *Buzzards Bay, Mass.* (Milepost 20.0), a distance of 20.0 miles, in Plymouth and Barnstable Counties, Mass. This line connects with the Middleboro Branch of the PC at Middleboro. At Buzzards Bay it connects with the Falmouth and Hyannis Secondary Tracks of the PC, both also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 16).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Tremont	121
Wareham	35
Onset	150
Buzzards Bay	11
Middleboro ¹	75
Total carloads generated by the line	392
Average carloads per week	7.4

See footnote at end of table.

Average carloads per mile.....	19.6
Average carloads per train.....	3.8
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	6.0
Locomotive horsepower.....	1,500
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that industries on Cape Cod are dependent on continued rail service, for which this line is the gateway to the peninsula. Much interest was expressed in restoration of passenger train service to Cape Cod. Ye Olde Passenger Service is one party interested in acquiring trackage rights. Negotiations have also been held with Amtrak concerning experimental Boston-to-Cape Cod service. Planners project a doubling of local population every 5 years until at least 1990. The town of Middleboro is spending \$5 million on a new sewage treatment plant in order to accommodate Ocean Spray Cranberries' plant. A study by Carl Englund indicated that the cost of upgrading the track between Alden and Buzzards Bay would be \$200,000 for freight service or \$436,000 for passenger service.

Information for Line Retention Decision

Revenue received by PC.....	\$179,264
Average revenue per carload.....	\$457
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	167,929
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	13,583
Cost incurred beyond the branch line.....	86,302
Total variable (avoidable) cost.....	267,814
Net contribution (loss): total.....	(88,550)
Average per carload.....	(226)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 800 crossties (an average of 40 crossties per mile).

Although service to this line generates a loss, service to USRA segment 21 (which is served via this line) generates a net contribution of \$86,755.

Preliminary Recommendations

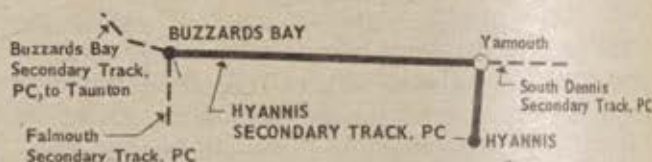
It is recommended that the Buzzards Bay secondary track be included in the ConRail System. Although

service to this line generates a loss, service to USRA segment 21 (which is served by this line) generates a net contribution of \$86,755.

HYANNIS SECONDARY TRACK

USRA Line No. 21

Penn Central



The Hyannis Secondary Track, formerly a part of the New Haven RR, extends from Buzzards Bay (Milepost 0.0) to Hyannis, Mass. (Milepost 24.3), a distance of 24.3 miles, in Barnstable County, Massachusetts. At Buzzards Bay, it connects with the Buzzards Bay and Falmouth Secondary tracks of the PC, and Yarmouth (Milepost 21.2) with the South Dennis Secondary Track. All three of these connecting lines are among those studied in this Report. This line was declared potentially excess in the US DOT Report (see Zone 16).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Sagamore.....	208
Sandwich.....	256
E. Sandwich.....	0
W. Barnstable.....	163
Barnstable.....	1
Yarmouth.....	324
Hyannis.....	522
Total carloads generated by the line.....	1,508
Average carloads per week.....	29.0
Average carloads per mile.....	62.1
Average carloads per train.....	5.8
1973 operating information:	
Number of round trips per year.....	290
Estimated time per round trip (hours).....	4
Locomotive horsepower.....	1,500
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that a shift to highway mode by the Cape Cod sand and gravel shippers would be affected by present restrictions on highway movements of heavy and oversize materials.

A group on the Cape is currently developing a program which they hope will result in the movement of over 6,000 carloads a year of solid waste westbound from the Cape region. Several groups hope to use this line for restoration of Boston-Cape Cod passenger service (see comments on USRA segment 20). The Bay Colony Transportation Corp. recommended the abandonment of this line along with a State of Massachusetts acquisition of the right-of-way. Bay Colony then would offer to operate the line for the State as a Class II short line railroad. A study by Carl Englund reported that it would cost \$242,000 to upgrade this segment of track for safe operation of freight service, and \$745,000 to rehabilitate the line for passenger service. The largest shippers at Hyannis are Cape Cod Ready Mix Concrete Company (250 to 275 carloads in 1973), and John Hinekey & Sons Lumber Co. (103 carloads in 1974). Packaging Industries Company shipped 23 carloads in 1973, but claims that they may ship between 270 and 312 carloads in future years.

Information for Line Retention Decision

Revenue received by PC	\$697,690
Average revenue per carload	\$463
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	267,578
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	405,435
Total variable (avoidable) cost	673,013
Net contribution (loss): total	24,677
Average per carload	16

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Although service to this line generates a net contribution, service between milepost 7.5 and 24.3 generates a loss of \$65,596 or \$62 per car.

Recommendation

It is recommended that the portion of the Hyannis Secondary Track between milepost 0.0 and milepost 7.5 be included in the ConRail System.

Preliminary Recommendation

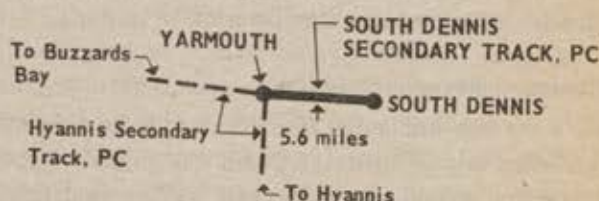
It is not recommended that the portion of the Hyannis Secondary Track from milepost 7.5 to milepost 24.3 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$65,596 or \$62 per carload. Re-

covery of costs would require approximately a 50 percent increase in traffic or a 17 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will NOT make the line viable.

SOUTH DENNIS SECONDARY TRACK

USRA Line No. 22

Penn Central



The South Dennis Secondary Track, formerly a part of the New Haven RR, extends from Yarmouth (Milepost 0.0) to South Dennis, Mass. (Milepost 5.6) a distance of 5.6 miles, in Barnstable County, Mass. At Yarmouth, it connects with the Hyannis Secondary Track of the PC, which is also under study in this Report. This line was declared potentially excess in the U.S. DOT Report (see Zone 16).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bass River	21
S. Dennis	416
Total carloads generated by the line	437
Average carloads per week	8.4
Average carloads per mile	78.0
Average carloads per train	1.7
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	2.6
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line is an integral part of the Buzzards Bay-Yarmouth-Hyannis line (see additional comments under Lines Nos. 20, 21 and 23-24).

Information for Line Retention Decision

Revenue received by PC	\$187,497
Average revenue per carload	\$429

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	78,137
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	188,263
Total variable (avoidable) cost	266,400
Net contribution (loss): Total	(78,903)
Average per carload	(181)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

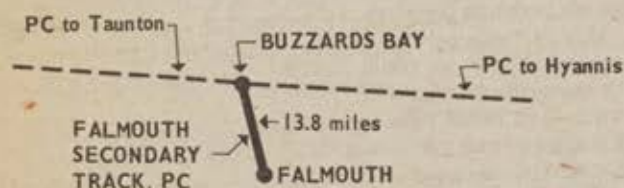
Preliminary Recommendation

It is *not* recommended that the South Dennis Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$78,903 or \$181 per carload. Recovery of costs would require an increase in traffic and a rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *NOT* make the line viable.

FALMOUTH SECONDARY TRACK

USRA Line No. 23-24

Penn Central



The Falmouth Secondary Track, formerly a part of the New Haven RR, extends from Buzzards Bay (Milepost 0.0) to Falmouth, Mass. (Milepost 13.8), a distance of 13.8 miles, in Barnstable County, Mass. This line connects at Buzzards Bay with the Buzzards Bay and Hyannis Secondary Tracks of the PC, to Taunton and Hyannis, respectively, which are also being studied in this Report. The PC had filed with the ICC for abandonment of the portion of the line between North Falmouth (Milepost 6.7) and Falmouth, a distance of 7.1 miles, in November 1973, ICC Docket AB-5-134. In August 1974, the PC also petitioned USRA for abandonment of this portion. This line was declared potentially excess in the U.S. DOT Report (see Zone 16).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cataumet	0
N. Falmouth	125
Falmouth	97

Total carloads generated by the line	222
Average carloads per week	4.3
Average carloads per mile	16.1
Average carloads per train	1.2
1973 operating information:	
No. of round trips per year	190
Estimated time per round trip (hours)	5.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Otis Air Force Base receives over 112 cars of coal from this line and that coal receipts may grow to 200 carloads. Otis is contemplating a switch to rail receipts of jet fuel which would result in an additional 20,000 tons of freight. Carl Englund estimates \$114,000 in rehabilitation costs for freight service between Buzzards Bay and Falmouth, and \$68,000 for passenger related track work. The Penn Central has asked USRA for permission to abandon 7.1 miles of track between Falmouth and N. Falmouth under provisions of Section 304(f) of the Regional Rail Reorganization Act of 1973. The 304(f) abandonment petition was opposed by Governor Francis Sargent on October 22, 1974. The Governor stated that this section of track is vital to present users, that shipping will increase in 1974, and that the subject line will be a part of any restoration of Cape area rail passenger service. USRA has had discussions with the MBTA, and the Department of Defense about the options available under the Reorganization Act for preservation of both potential passenger routes and the needs of national defense facilities.

Information for Line Retention Decision

Revenue received by PC	\$85,276
Average revenue per carload	\$384
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	148,019
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	66,432
Total variable (avoidable) cost	214,451
Net contribution (loss): Total	(129,175)
Average per carload	(582)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (class I track which has a maximum safe operating speed of 10 mph).

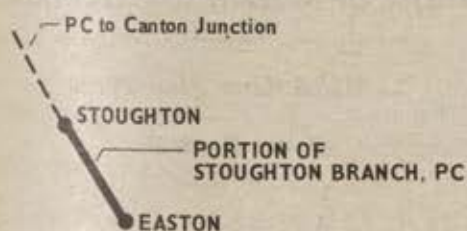
Preliminary Recommendation

It is *not* recommended that the Falmouth Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$129,175 or \$582 per carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 150 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will NOT make the line viable.

PORTION OF STOUGHTON BRANCH

USRA Line No. 25

Penn Central



This portion of the Stoughton Branch, formerly part of the New Haven RR, extends from *Stoughton* (Milepost 4.4) to the *End of track near Easton, Mass.* (Milepost 10.0), a distance of 5.6 miles, in Norfolk and Bristol Counties, Mass. At Stoughton, this line connects with its own northerly continuation to Canton Junction, which segment is also under study in this report. The PC had applied to the ICC to abandon the line, in October 1972, (Docket No. AB-5, Sub. 137). Before action was taken by the ICC, the PC sold the line in January 1973 to the Massachusetts Bay Transportation Authority. The PC continues to provide freight service over the line. The PC has also applied to the U.S. Railway Association for permission to discontinue freight operations over the line, (Docket No. 75-28). This Line was described as potentially excess in the U.S. DOT Report (see Zone 15).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Easton	82
North Easton	0
Total carloads generated by the line	82

Average carloads per week	1.6
Average carloads per mile	14.6
Average carloads per train	1.6
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates the Transportation Committee of the town of Easton has initiated an effort to restore passenger service on this line. The Massachusetts Bay Transportation Authority owns but PC maintains the track between Stoughton and Easton for freight service.

Information for Line Retention Decision

Revenue received by PC	\$31,408
Average revenue per carload	\$383

Variable (avoidable) cost of continued service:

Cost incurred on the branch line ¹	35,248
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	23,502

Total variable (avoidable) cost	58,750
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Net contribution (loss) Total	(27,342)
Average per carload	(333)

¹ This line is owned by MBTA; therefore, the costs reported are exclusive of ownership costs.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

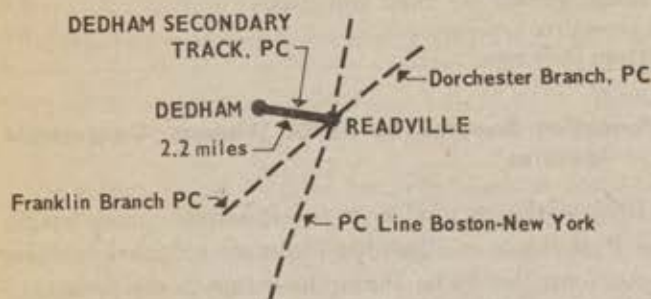
Preliminary Recommendation

It is *not* recommended that this portion of the Stoughton Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$27,342 or \$333 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 90 percent rate increase over the 1973 levels.

DEDHAM SECONDARY TRACK

USRA Line No. 26

Penn Central



The Dedham Secondary Track, formerly part of the New Haven RR, extends from Readville (Milepost 0.0) to Dedham, Mass. (Milepost 2.2), a distance of 2.2 miles, in Suffolk and Norfolk Counties, Mass. It connects with the Shore Line, Franklin and Dorchester Branches of the Penn Central at Readville. Although PC is the operator of the freight service on the Dedham Secondary Track, the line is owned by the Massachusetts Bay Transportation Authority. The MBTA purchased the line from the PC for possible future passenger transportation use. This line was described as potentially excess in the U.S. DOT Report (see Zone 14).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Dedham	27
East Dedham	90

Total carloads generated by the line	126
Average carloads per week	2.4
Average carloads per mile	57.3
Average carloads per train	2.4

1973 Operating Information:

Number of round trips per year	52
Estimated time per round trip (hours)	2
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Massachusetts Dept. of Commerce and Development foresaw no serious impact if this line were abandoned. Only one job would be jeopardized.

Information for Line Retention Decision

Revenue received by PC	\$55,090
Average revenue per carload	\$437

Variable (avoidable) Cost of Continued Service:

Cost incurred on the branch line	21,491 ¹
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	34,857

Total variable (avoidable) cost 50,348

Net contribution (loss): total (1,249)

Average per carload (10)

¹ Excludes ownership and maintenance costs due to MBTA ownership.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Although this line generates a loss, a 6 per cent growth in traffic or a 2 percent rate increase over 1973 levels will enable financial self-sufficiency.

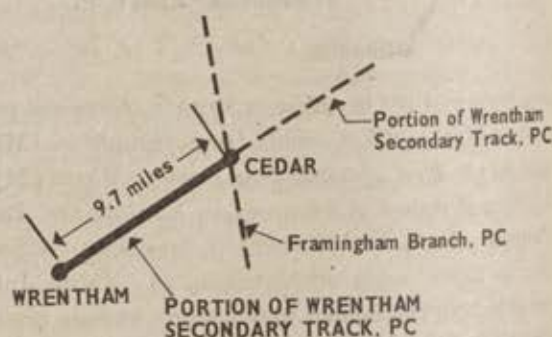
Recommendation

It is recommended that freight service be provided to the Dedham Secondary Track by the ConRail System.

PORTION OF WRENTHAM SECONDARY TRACK

USRA Line No. 29

Penn Central



This portion of the Wrentham Secondary Track, formerly a part of the New Haven RR, extends from Cedar (Milepost 6.0) to Wrentham, Mass. (Milepost 15.7), a distance of 9.7 miles, in Norfolk County, Mass. This line connects at Cedar with its own continuation to Norwood Central (the portion of which from Cedar to East Walpole is also under study in this Report) and with the Framingham Branch of the PC. This line was declared potentially excess in the U.S. DOT Report (see Zones 14 and 17).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	143
Wrentham	143

Total carloads generated by the line 143

Average carloads per week	2.8
Average carloads per mile	14.7
Average carloads per train	2.9
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that traffic between Wrentham and Norwood amounted to 260 carloads in 1973. The Massachusetts Department of Commerce and Development considers active continuation of this total segment crucial to the continuation of 146 jobs. USRA staff identified 2 shippers at Wrentham, both reportedly not using rail. Of the four shippers at Plainville, a majority own their own trucks and use rail for a minority of their receipts and shipments. The 3.7 miles of track eastward between Cedar and East Walpole is presently "out of service."

Information for Line Retention Decision

Revenue received by PC	\$42,472
Average revenue per carload	\$297
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	79,303
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	24,897
Cost incurred beyond the branch line	27,107
Total variable (avoidable) cost	131,307
Net contribution (loss): Total	(88,835)
Average per carload	(621)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,297 cross-ties (an average of 133.7 cross-ties per mile).

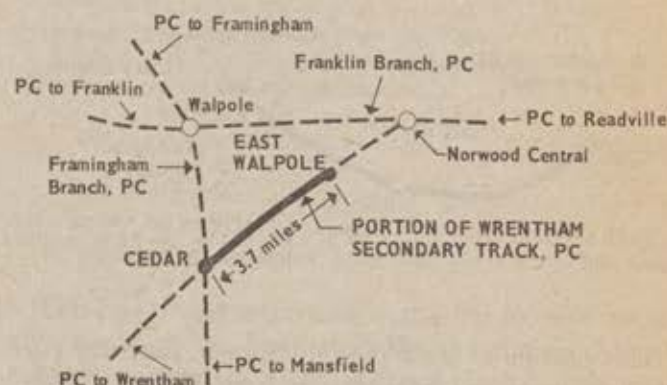
Preliminary Recommendation

It is *not* recommended that this portion of the Wrentham Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$88,835 or \$621 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 210 percent rate increase over the 1973 levels.

PORTION OF WRENTHAM SECONDARY TRACK

USRA Line No. 30

Penn Central



This portion of the Wrentham Secondary Track, formerly part of the New Haven RR, extends from *East Walpole* (Milepost 2.3) to *Cedar, Mass.* (Milepost 6.0), a distance of 3.7 miles, in Norfolk County, Mass. This line connects with its own continuations at both Cedar (to Wrentham) and East Walpole (to Norwood Central). The portion from Cedar to Wrentham is also under study in this Report. This line (from East Walpole to Cedar) also connects at Cedar with the Framingham Branch of the PC. This portion of the Wrentham Secondary track was not declared potentially excess in the U.S. DOT Report (see Zone 14).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Wrentham Secondary Track's continued use may be crucial to the continuation of 146 jobs for the length between Norwood and Wrentham (see comments for USRA segment No. 29).

Information for Line Retention Decision

This line does not serve any shippers directly. It is used as an overhead line to USRA segment No. 29. The Preliminary Recommendation for segment 29 is that it *not* be included in the ConRail System. Therefore, segment 30 is not required.

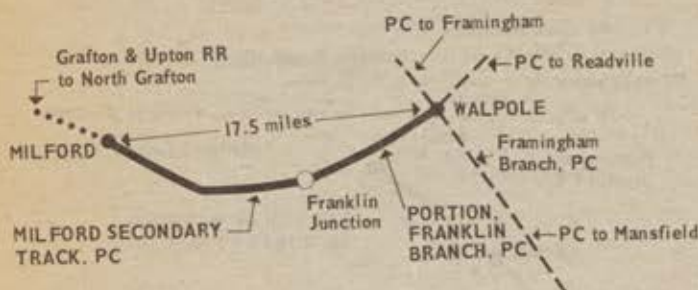
Preliminary Recommendation

It is *not* recommended that this portion of the Wrentham Secondary Track be included in the ConRail System.

PORTION OF FRANKLIN BRANCH AND MILFORD SECONDARY TRACK

USRA Line No. 31/32

Penn Central



This portion of the Franklin Branch, formerly part of the New Haven RR, extends from Walpole (Milepost 10.0) to Franklin Junction, Mass. (Milepost 19.0). The Milford Secondary Track, also formerly a part of the New Haven RR, extends from Franklin Junction (Milepost 0.0), to Milford, Mass. (Milepost 8.5). Taken together as a single line, it is 17.5 miles long and is in Norfolk and Worcester Counties, Massachusetts. From Walpole, the line continues in a northeasterly direction to Readville. Also at Walpole, the line connects with the Framingham Branch of the PC. The line connects at Milford with the Grafton & Upton RR. The PC sold the portion of this line from Walpole to Franklin (Milepost 18.0) to the Massachusetts Bay Transportation Authority in January, 1973. The PC continues to provide freight service over the line, and passenger service operates between Boston and Franklin. This line was described as potentially excess in the U.S. DOT Report (see Zones 14, 26, 27).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Milford	394
Norfolk	9
City Mills	1
Franklin	433
Unionville	0

Total carloads generated by the line	837
Average carloads per week	16.1
Average carloads per mile	47.8
Average carloads per train	3.2
1973 Operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	6
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report" indicated that this line generated 300-350 carloads in 1972 and 475 in 1973.

Information for Line Retention Decision

Revenue received by PC	\$208,803
Average revenue per carload	\$321

Variable (avoidable) cost of continued service:

Cost incurred on the branch line ¹	156,213
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	18,855
Cost incurred beyond the branch line	194,771

Total variable (avoidable) cost

Net contribution (loss): total	(100,976)
Average per carload	(121)

¹ Excludes maintenance and ownership costs on that portion owned and operated by MBTA.

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,441 crossties (an average of 197 crossties per mile). Correspondence received by USRA indicates that the Foster-Forbes Company in Milford expects its new plant to add between 1,000 and 1,800 cars per year to this traffic. The new J. J. Corrugated Box Company scheduled for opening in 1973 will boost the lines traffic an additional 650 carloads in that year, with total plant production resulting in 1,100 carloads during 1976. J.J. Corrugated Box will be located at Franklin, Mass., 8.4 miles from Walpole and the Penn Central's Framingham Branch. The Milford plant of Foster-Forbes Company is 8.5 miles beyond Franklin. Service to Milford could be provided via the Grafton and Upton RR via Hopedale and N. Grafton where a junction is made with the Boston to Worcester line of the Penn Central.

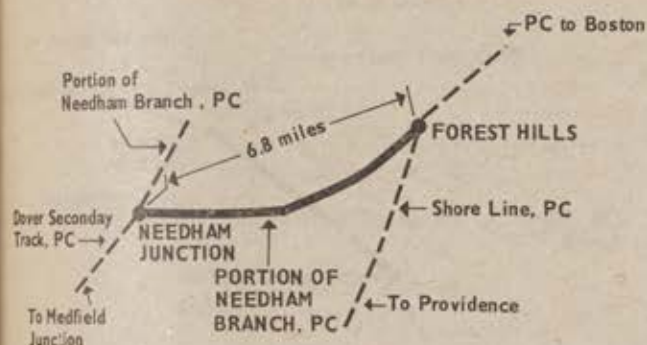
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Franklin Branch and the Milford Secondary Track be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$100,976 or \$121 per carload. Recovery of costs would require approximately a 130 per cent increase in traffic or a 35 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will NOT make the line viable.

PORTION OF NEEDHAM BRANCH

USRA Line No. 33

Penn Central



This portion of the Needham Branch, previously a part of the New Haven RR, extends from *Forest Hills* (Milepost 3.3), to *Needham Junction, Mass.* (Milepost 10.1), a distance of 6.8 miles, in Suffolk and Norfolk Counties, Mass. This line connects with the Shore Line of the PC at Forest Hills and with its own northerly continuation at Needham Junction to Cook Street, a line which is also under study in this Report. At Needham Junction, it connects with the Dover Secondary Track of the PC (also under study in this Report). The PC sold the line in January, 1973 to the Massachusetts Bay Transportation Authority. The PC continues to provide freight service over the line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 14).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
West Roxbury	49
Total carloads generated by the line	49
Average carloads per week	0.9
Average carloads per mile	7.2
Average carloads per train	0.9
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff has identified one shipper on the branch, United Liquors of W. Roxbury, Mass.

Information for Line Retention Decision

Revenue received by PC	\$29,932
Average revenue per carload	\$611
Variable (avoidable) cost of continued service	26,487
Cost incurred on the branch line	0
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	30,223
Total variable (avoidable) cost	56,710
Net contribution (loss): total	(26,778)
Average per carload	(546)

¹ Excludes maintenance and ownership costs due to MBTA ownership.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

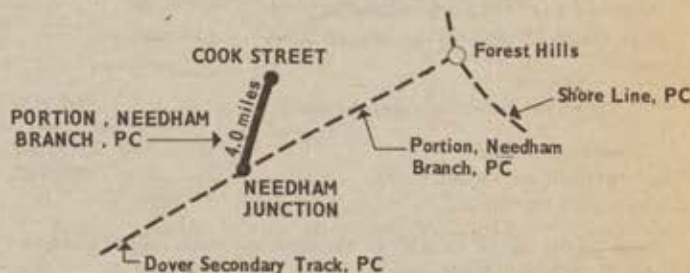
Preliminary Recommendation

It is *not* recommended that *freight service* be provided over this portion of the Needham Branch by the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$26,778 or \$546 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF NEEDHAM BRANCH

USRA Line No. 34

Penn Central



This portion of the Needham Branch, formerly part of the New Haven RR, extends from *Needham Junction* (Milepost 10.1) to *Cook Street, Mass.* (Milepost 14.1), a distance of 4.0 miles, in Norfolk and Middlesex Counties, Mass. This line connects at Needham Junction with its own continuation to Forest Hills and with the Dover Secondary Track of the PC, both also under study in this Report. The PC sold this line to the Massachusetts Bay Transportation Authority in January 1973. The

PC continues to provide freight service over the line. This line was not identified as potentially excess in the U.S. DOT Report (see Zone 14).

This line provides suburban passenger train service from Needham Junction to Needham Heights.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Needham	467
Needham Heights	9
Newton Upper Falls	755
Cabot	1,076

Total carloads generated by the line	2,307
Average carloads per week	44.4
Average carloads per mile	576.8
Average carloads per train	14.8
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	7
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,154,536
Average revenue per carload	\$500
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line ¹	131,939
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	755,886
Total variable (avoidable) cost	887,825
Net contribution (loss) total	266,711
Average per carload	116

¹ This line is owned by MBTA; therefore the costs reported are exclusive of ownership costs.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

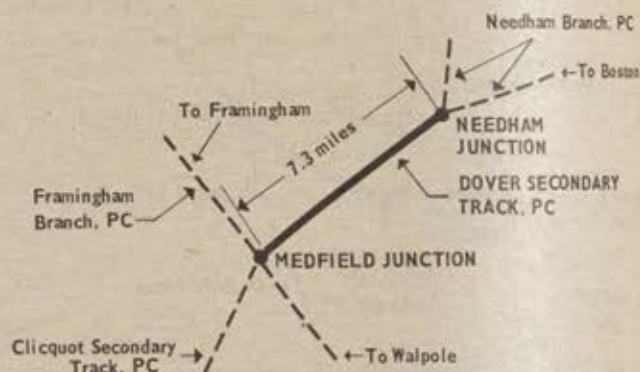
Recommendation

It is recommended that this portion of the Needham Branch be included in the ConRail System.

DOVER SECONDARY TRACK

USRA Line No. 35

Penn Central



The Dover Secondary Track, formerly a part of the New Haven RR, extends from *Needham Junction* (Milepost 0.0) to *Medfield Junction, Mass.* (Milepost 7.3), a distance of 7.3 miles, in Norfolk County, Mass. This line connects with the Needham Branch of the PC (also under study in this Report) at Needham Junction. It also connects at Medfield Junction with the Framingham Branch and with the Clicquot Secondary Track of the PC. The PC sold the line in January 1973 to the Massachusetts Bay Transportation Authority. The PC continues to provide freight service over the line. The Dover Secondary Track was declared potentially excess in the U.S. DOT Report (see Zone 14).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that abandonment of this line might destroy the historical traffic patterns of the Needham Branch Traffic.

Information for Line Retention Decision

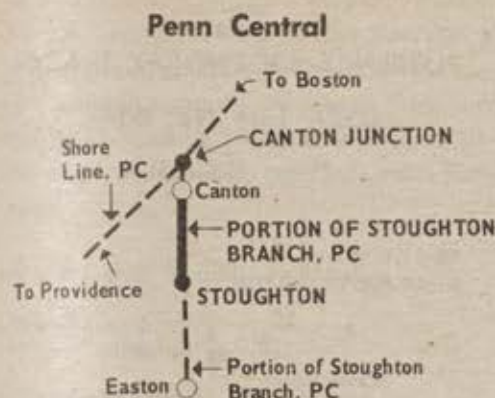
This line does not directly serve any shippers. However, it is needed to serve shippers on USRA Segment No. 34. The recommendation for Segment 34 is that it be included in the ConRail System.

Recommendation

It is recommended that the ConRail System continue to provide freight service over the Dover Secondary Track.

USRA Line No. 682

PORTION OF STOUGHTON BRANCH



This portion of the Stoughton Branch, formerly a part of the New Haven RR, extends from *Canton Junction* (Milepost 0.0) to *Stoughton, Mass.* (Milepost 4.4), a distance of 4.4 miles in Norfolk County, Mass. This line connects at Stoughton with its own continuation to end of track near Easton (which is also under study in this Report). It connects with the Shore Line of the PC at Canton Junction. The PC sold the line in January, 1973 to the Massachusetts Bay Transportation Authority. The PC continues to provide freight service over the line. This portion of the Stoughton Branch was not described as potentially excess in the US DOT Report (see Zones 14 and 15).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Canton ¹	165
West Stoughton	1
Stoughton	621
Total carloads generated by the line	787
Average carloads per week	15.1
Average carloads per mile	178.9
Average carloads per train	5.2
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that ten firms employing 1,328 people are dependent upon rail freight service over this branch. Three industrial plants have located in Canton's industrial park over the last seven years. Plymouth Rubber Company would

reduce its work force 25 percent (250 jobs) if service to Canton ceased.

Information for Line Retention Decision

Revenue received by PC	\$374,677
Average revenue per carload	\$476

Variable (avoidable) cost of continued service:

Cost incurred on the branch line ¹	31,435
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	290,444

Total variable (avoidable) cost	321,879
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Net contribution (loss): Total	52,798
Average per carload	67

¹ Excludes ownership and maintenance costs due to MBTA ownership.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

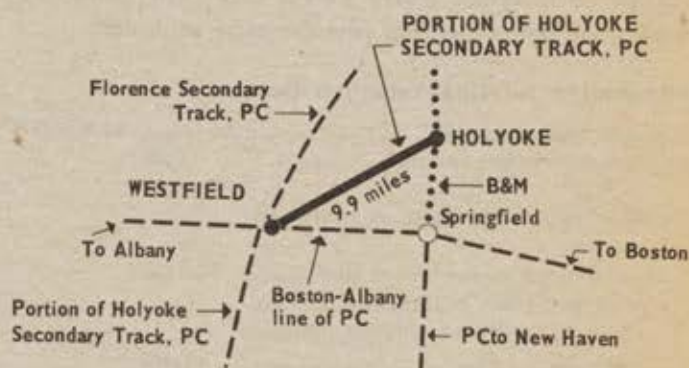
Recommendation

It is recommended that this portion of the Stoughton Branch be included in the ConRail System.

PORTION OF HOLYOKE SECONDARY TRACK

USRA Line No. 683

Penn Central



This portion of the Holyoke Secondary Track, formerly a part of the New Haven RR, extends from *Westfield* (Milepost 33.6) to *Holyoke, Mass.* (Milepost 43.5), a distance of 9.9 miles, in Hampden County, Massachusetts. It connects at Westfield with the PC Boston-Albany line, with the southerly continuation of the Holyoke Secondary Track and with the Florence Secondary Track of the PC. The last two are also under study in this Report. At Holyoke, the line connects with the Connecticut River Route main line of the Boston & Maine RR. This line was not declared potentially excess in the U.S. DOT Report (see Zone 24).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Westfield	2,988
Holyoke	2,879
Total carloads generated by the Line	
	5,867
Average carloads per week	112.8
Average carloads per mile	592.6
Average carloads per train	29.3
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	8
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that rail-dependent industries employ 4,800 people in Holyoke and Westfield. If rail service were stopped to all of Westfield and Holyoke, a U.S. Dept of Commerce report projected that 145 retail firms would be forced out of business, with a resulting job loss of 3,120. Twenty-five firms located in Holyoke testified at the hearings. These firms reported shipping 10,116 cars in 1973. USRA staff has found that many of these carloads take place on the B&M railroad, and that most of Holyoke's industry sites can obtain rail service from the B&M. One of the largest shippers, Holyoke Magazine Press, Inc., went out of business in 1974. The largest shipper is Holyoke Water Power Co. (Milepost 42.4), which has been receiving petroleum by tank car.

Information for Line Retention Decision

Revenue received by PC	\$1,804,504
Average revenue per carload	\$308
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	255,352
cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	10,192
Cost incurred beyond the branch line	1,051,091
Total variable (avoidable) cost	1,316,635
Net contribution (loss): total	487,869
Average per carload	83

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2500 crossties (an average of 253 crossties per mile).

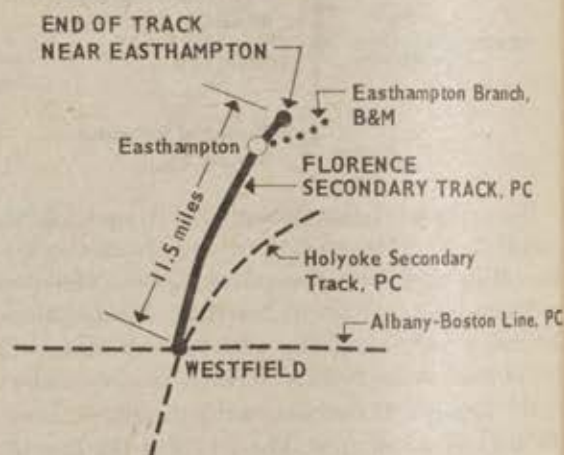
Recommendation

It is recommended that this portion of the Holyoke Secondary Track be included in the ConRail System.

FLORENCE SECONDARY TRACK

USRA Line No. 684

Penn Central



The Florence Secondary Track, formerly part of the New Haven RR, extends from Westfield (Milepost 0.4) to Easthampton, Mass. (Milepost 11.9), a distance of 11.5 miles, in Hampden and Hampshire Counties, Mass. At Westfield it connects with the Holyoke Secondary Track of the PC, also under study in this report and with the PC Albany-Boston line. At Easthampton, the Florence Secondary Track connects with the Easthampton Branch of the Boston & Maine RR. This line was not described as potentially excess in the U.S. DOT Report (see Zones 23 and 24).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Easthampton	1,335
Westfield ¹	139
Total carloads generated by the line	
	1,477
Average carloads per week	28.4
Average carloads per mile	128.4
Average carloads per train	14.8
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	10
Locomotive horsepower	1,600
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that 6 firms located in Easthampton use PC freight service. These firms employ 1,323 workers and paid \$1.4 million in 1973 rail freight charges. The National Felt Co. would be affected by a shift to truck as inbound costs for synthetic wastes would increase. Information received by USRA staff indicates that 50 percent of National Felt's current inbound and outbound movements are by truck.

Information for Line Retention Decision

Revenue received by PC.....	\$781,339
Average revenue per carload.....	\$529
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	171,470

Cost of upgrading branch line to FRA

Class I (1/10 of total upgrading cost)...	18,851
Cost incurred beyond the branch line.....	422,728

Total variable (avoidable) cost.....	613,049
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Net contribution (loss): Total.....	168,290
Average per carload.....	114

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,300 cross-ties (an average of 287 cross-ties per mile).

Recommendation

It is recommended that the Florence Secondary Track be included in the ConRail System.

MICHIGAN

Intrastate

PC

USRA line number	Terminals
391	Lenawee Junction to Ida
392a	N&W Xing East of Adrian to Adrian
394	Grosvenor to Morenci
395/395a	Lenawee Junction to Manchester
398	Jonesville to Litchfield
402	Montgomery to Bankers
404	Fort Wayne Junction to Horton
436	Oakman Spur at Dearborn
438	Caro to Colling
438a	Vassar to Caro
440	Bay City to Gaylord
440a	Bay City to Water Street Junction
440b	Gladwin Branch at Pinconning
441	Gaylord to Mackinaw City
442	Mackinaw City to St. Ignace (car float)
443	Bay City to Midland
444	Munger to Denmark Junction
444a	Vassar to Denmark Junction
445	Vassar to Millington
445a	Millington to Lapeer Junction
445b	Lapeer Junction to Oxford
446	Saginaw to Harger
446a	Denmark Junction to Harger
447/447a/447b	Saginaw to Bay City
451/452/453	Rives Junction to Grand Rapids
454	Mackinaw City to Cadillac
454a	Cadillac to Cedar Springs
455	Lansing to Jackson
455a	Lansing to Saginaw
456/457/458	State Line to Vicksburg
458a	Kalamazoo to Three Rivers Junction
459/459a	Kalamazoo to Vicksburg
460	Grand Rapids to Moline to Plainwell
461	Cedar Springs to Comstock Park
461a	Comstock Park to Grand Rapids
463	Plainwell to Otsego
463a	Otsego to Dorr
463b	Dorr to Byron Center
463d	Lamar to Grand Rapids
464/465	Parchment to Doster
464a	Plainwell to Kalamazoo
466	Kalamazoo to Dowagiac
470	Traverse City to Walton Junction
472	Muskegon to Fuller
472a	Muskegon Heights to Muskegon
473	Haires to Three Rivers Junction
530a	Hudson to Cement City
635	Niles to Benton Harbor
638	Carleton to Detroit
680	Buchanan to Dowagiac
688	Oxford to Utica

USRA
line number

Terminals

692a/693a	White Pigeon Junction to Hillsdale
698	At Cheboygan (D&M Trackage Rights)

AA

1300	Dundee to Owosso
1301	Owosso to Thompsonville

Interstate

AA

Michigan to Wisconsin

1302/1303	Thompsonville, Mich. to Kewaunee, Wis. (ferry)
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PC

Michigan to Indiana (these lines are discussed under Indiana)

401	Montgomery, Mich. to South of Angola, Ind.
467	Buchanan, Mich. to Michigan City, Ind.
637	Niles, Mich. to South Bend, Ind.

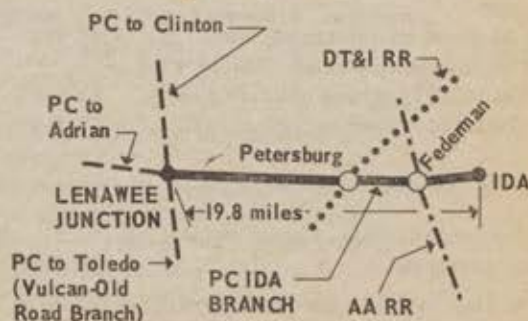
Michigan to Ohio

393	N&W Xing East of Adrian, Mich. to Vulcan, Ohio
437	Carleton, Mich. to Alexis, Ohio (C&O Trackage Rights)
530	Hudson, Mich. to Bryan, Ohio

IDA BRANCH

USRA Line No. 391

Penn Central



The Ida Branch, formerly part of the New York Central RR, extends from *Lenawee Junction* (Milepost

0.0), to *Ida, Mich.* (Milepost 19.8), a distance of 19.8 miles, in Lenawee and Monroe Counties, Mich. This line runs east from the Penn Central's Adrian-Toledo Vulcan-Old Road Branch (also under study in this Report). Other connections include the PC line north to Clinton (also under study in this Report), the Detroit, Toledo & Ironton RR, which crosses near Petersburg, and the Ann Arbor RR, which crosses at Federman. The Penn Central filed a petition with the ICC to abandon this line in October, 1972. In September, 1974, the PC made similar application to the U.S. Railway Association (Docket No. 75-26). No final action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zones 113 and 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ida	143
Petersburg	0
Deerfield	2

Total carloads generated by the line	145
Average carloads per week	3
Average carloads per mile	7
Average carloads per train	4
1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The State of Michigan was generally opposed to the abandonment of this line until its state rail plan was finalized.

Information for Line Retention Decision

Revenue received by PC	\$45,795
Average revenue per carload	\$316
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	\$142,327
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost) ..	51,079
Cost incurred beyond the branch line	33,718
Total variable (avoidable) cost	227,124
Net contribution (loss): total	(181,329)
Average per carload	(\$1,251)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based

on available information, this upgrading would include the replacement of a total of 9,900 crossties (an average of 500 crossties per mile).

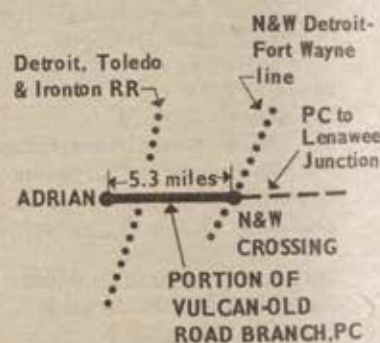
Preliminary Recommendation

It is *not* recommended that the Ida Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$181,329 or \$1,251 per carload. Recovery of costs would require approximately a fifty-five-fold increase in traffic or a 400-percent rate increase over the 1973 levels.

PORTION OF VULCAN-OLD ROAD BRANCH

USRA Line No. 392a

Penn Central



This portion of the Vulcan-Old Road Branch, formerly part of the New York Central RR, extends from *N&W Crossing east of Adrian* (Milepost 328.3) to *Adrian, Mich.* (Milepost 333.6), a distance of 5.3 miles, in Lenawee County, Mich. This is the western portion of the PC's Vulcan-Old Road Line which continues through Lenawee Junction to Toledo and is also under study in this Report. A Detroit, Toledo & Ironton RR branch crosses near Adrian; the N&W line runs between Detroit and Fort Wayne. A continuation of this line, extending from Adrian to Clayton has been officially abandoned. This line was not described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Adrian ¹	1,145
Total carloads generated by the line	1,145
Average carloads per week	22.0
Average carloads per mile	216.0
Average carloads per train	3.8
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	2
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that 4,000 carloads per annum are generated from the Adrian area. Five companies—Townsend Brothers, Tri-State Engineering, Merillat Industries, Inc., Stubnitz Spring Division and Stevenson Lumber Company—generated a total of 2,163 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$268,118
Average revenue per carload	\$234
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	94,554
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	8,922
Cost incurred beyond the branch line	158,887
Total variable (avoidable) cost	262,363
Net contribution (loss): total	5,755
Average per carload	5

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 100 crossties (an average of 19 crossties per mile).

Although this line generates a net contribution, it is served via USRA segment 391. The preliminary recommendation for segment 391 is that it not be included in the ConRail system.

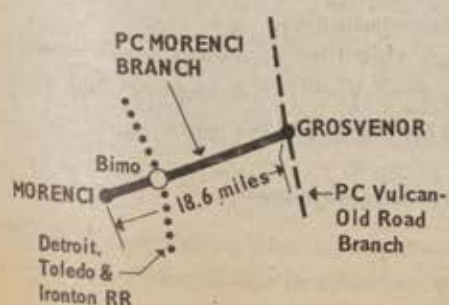
Recommendation

It is not recommended that this portion of the Vulcan-Old Road Branch be included in the ConRail System. Service to Adrian should be assumed by a solvent carrier.

MORENCI BRANCH

USRA Line No. 394

Penn Central



The Morenci Branch, formerly part of the New York Central RR, extends from *Grosvenor* (Milepost 0.0) to *Morenci, Mich.* (Milepost 18.6), a distance of 18.6 miles, in Lenawee County, Michigan. This line is in Zone 150 in the U.S. Department of Transportation Report, "Rail Service in the Midwest and Northeast Region," dated February 1, 1974. This line is a branch of the PC Vulcan-Old Road Branch which is also under study in this report. At Bimo, a branch of the Detroit Toledo & Ironton Railroad crosses. This line was described as potentially excess in the U.S. Department of Transportation Report.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Grosvenor ¹	74
Ogden	18
Jasper	12
Weston	138
Morenci	252

Total carloads generated by the line	494
Average carloads per week	9.5
Average carloads per mile	26.6
Average carloads per train	9.9
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that Smith Douglas (a Division of Borden) generated 400 to 450 carloads in 1973. However, available shipper-specific traffic records indicate only 5 carloads in 1973 for this shipper. In total, the testimony indicated that this line generated over 2,500 carloads but only 494 carloads can be identified. In addition, Stauffer Chemical at Weston receives hazardous materials, which without rail service, would have to move by motor carrier over narrow highways.

Information for Line Retention Decision

Revenue received by PC	\$182,256
Average revenue per carload	\$369
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	145,608
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	45,556
Cost incurred beyond the branch line	83,998
Total variable (avoidable) cost	275,162
Net contribution (loss): total	(92,906)
Average per carload	(188)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 9,000 crossties (an average of 484 crossties per mile).

Testimony regarding 2,500 carloads includes traffic handled by the N&W at North Morenci.

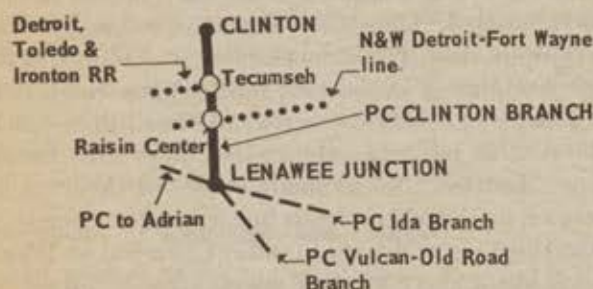
Preliminary Recommendation

Although the preliminary recommendation is that the Morenci Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$92,906 or \$188 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 50 percent rate increase over the 1973 levels.

CLINTON BRANCH

USRA Line No. 395 and 395a

Penn Central Railroad



This portion of the Clinton Branch, formerly part of the New York Central Railroad, extends from *Lena-wee Junction* (Milepost 0.0) to *Manchester, Mich.* (Milepost 13.6), a distance of 13.6 miles, in Lenawee County, Mich. This line, except for the portion from Tecumseh to Clinton, was described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Tecumseh	188
Clinton	1,004
Adrian ¹	63

Total carloads generated by the line 1,255

Average carloads per week	24.1
Average carloads per mile	91.6
Average carloads per train	10.0
1973 operating information:	
Number of round trips per year	125
Estimated time per round trip (hours)	6
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the strongest opposition to the abandonment of this line came from the Budd Company of Clinton. They reported shipments of 1,040 carloads in 1972 and 852 in 1973. The Company stated that its loading facility cannot accommodate additional trucks. Additionally, the increased freight costs in shipping via truck would jeopardize the Company's competitive position. The Budd Company predicted that the plant would be forced to shut down and 323 jobs would be terminated.

Information for Line Retention Decision

Revenue received by Penn Central	\$511,067
Average revenue per carload	\$407
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	176,299
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	15,924
Cost incurred beyond the branch line	282,140
Total variable (avoidable) cost	474,363
Net contribution (loss): Total	36,704
Average per carload	29

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,000 crossties (an average of 73 crossties per mile).

Although this line generates a net contribution, it must be served via USRA segment 393 which generated a loss amounting to \$371,003.

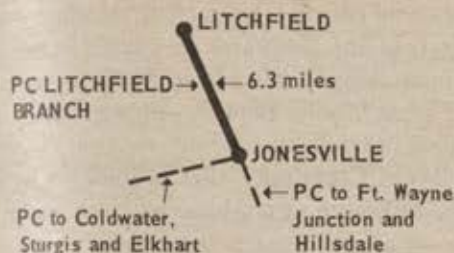
Preliminary Recommendation

It is *not* recommended that this portion of the Clinton Branch be included in the ConRail System.

LITCHFIELD BRANCH

USRA Line No. 398

Penn Central



The Litchfield Branch, formerly part of the New York Central RR, extends from Jonesville (Milepost 0.6) to Litchfield, Mich. (Milepost 6.9) a distance of 6.3 miles, in Hillsdale County, Mich. This line is a branch running north from the Penn Central's line from Elkhart to Hillsdale. The segment north of Litchfield was abandoned in 1971. The lines from Jonesville to Hillsdale and White Pigeon Jct. are also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Litchfield	187
Jonesville ¹	7
Total carloads generated by the line	
Average carloads per week	3.7
Average carloads per mile	30.8
Average carloads per train	1.9
1973 operating information:	
No. of round trips per year	100
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Plymouth Flush Door Company would be put at a competitive disadvantage if rail service ceased. Plymouth Flush Door reported 166 carloads in 1972 and 135 in 1973. Both this company and the Hillsdale Foundry have received a total of \$2 million in loans from the Small Business Administration and the Economic Development Administration. RSPO reported no traffic from Hillsdale Foundry. The Detroit office of the Small Business Administration testified that rail accessibility to rural areas such as Litchfield should be retained. The industrial park at Litchfield has total facility investments of \$3.4 million. The Mayor of Litchfield stated that 50 percent of the city's labor force of

1,200 is employed by industries dependent on rail service.

Information for Line Retention Decision

Revenue received by PC	\$58,204
Average revenue per carload	\$300

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	65,062
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	26,418
Cost incurred beyond the branch line	35,510

Total variable (avoidable) cost 126,990

Net contribution (loss): total	(68,786)
Average per carload	(354)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,300 crossties (an average of 1,000 crossties per mile).

Available data indicates that there may be some potential traffic growth on the line.

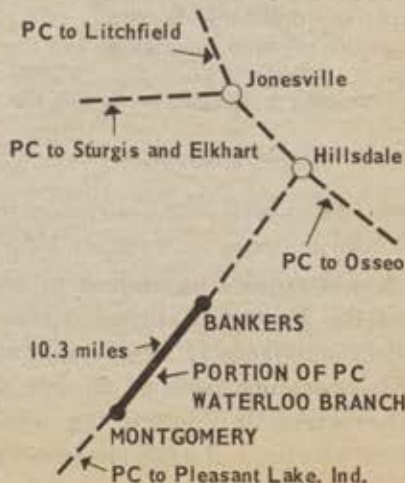
Preliminary Recommendation

It is *not* recommended that the Litchfield Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$68,786 or \$354 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 118 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF WATERLOO BRANCH

USRA Line No. 402

Penn Central



This portion of the Waterloo Branch, formerly part of the New York Central RR, extends from *Montgomery* (Milepost 54.8), to *Bankers, Mich.* (Milepost 65.1), a distance of 10.3 miles, in Hillsdale County, Michigan. This line is part of a branch running south from Hillsdale into Indiana. The southern and northern continuations of this branch are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Reading	293
Montgomery	198
Total carloads generated by the line	491
Average carloads per week	9.4
Average carloads per mile	47.7
Average carloads per train	3.3
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	7.5
Locomotive horsepower	1,500
Train crew size (people)	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that poor service and car shortages have been leading causes for low rail usage. The Mayor of Reading, Michigan reported that 200 additional annual carloads would have been moved over the line if the PC could have provided them service. Lack of primary highways makes it impossible for trucks to carry full loads during part of the year.

Information for Line Retention Decision

Revenue received by PC	\$247,947
Average revenue per carload	\$505
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	144,560
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	21,862
Cost incurred beyond the branch line	153,750
Total variable (avoidable) cost	320,172
Net contribution (loss): total	(72,225)
Average per carload	(147)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,605 cross-ties (an average of 350 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Waterloo Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$72,225 or \$147 per carload. Recovery of costs would require approximately a 75 per cent increase in traffic or a 30 per cent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF WATERLOO BRANCH

USRA Line No. 404

Penn Central



This portion of the Waterloo Branch, formerly part of the New York Central RR, extends from *Fort Wayne Junction* (Milepost 71.0), to *Horton, Michigan* (Milepost 85.7), a distance of 14.7 miles, in Jackson County, Michigan. This line, once part of a through route between Jackson and Fort Wayne, now exists solely as a branch off PC's line through Jonesville and Hillside, which is also under study in this Report. Penn Central has filed a petition to abandon this line (ICC Docket No. AB-5, Sub. 193 and 194). This line was not described as potentially excess in the U.S. DOT Report (see Zones 150 and 152).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Horton	5
Hanover	1
Total carloads generated by the line	6
Average carloads per week	0.1
Average carloads per mile	0.4
Average carloads per train	0.5
1973 operating information:	
Number of round trips per year	12
Estimated time per round time (hours)	4.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by Penn Central	\$1,402
Average revenue per carload	\$234
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	97,587
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	30,523
Cost incurred beyond the branch line	872
Total variable (avoidable) cost	128,982
Net contribution (loss): Total	(127,580)
Average per carload	(21,263)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 5,145 crossties (an average of 350 crossties per mile).

Preliminary Recommendation

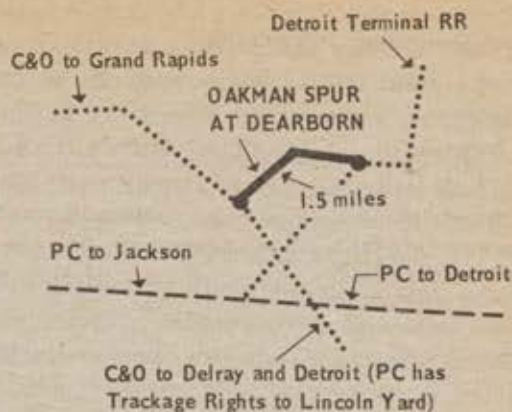
It is *not* recommended that this portion of the Waterloo Branch be included in the ConRail System. Continued operation of this line would require a rail-service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$127,580 or \$21,263 per carload. Recovery of costs would require approximately a two hundred and forty-fold increase in traffic or a 1517 percent rate increase over the 1973 levels.

OAKMAN SPUR AT DEARBORN

USRA Line No. 436

Penn Central

The Oakman Spur, formerly part of the Pennsylvania RR, extends 1.5 miles at Dearborn, Mich. in Wayne County, Mich. This line runs from the C&O mainline approximately one and one-half miles until it joins the Detroit Terminal Ry. There are no physical connections with other PC-controlled lines. This line was the former PRR connection with the Detroit Terminal, using trackage rights from Lincoln Yard via Delray over the C&O. This line was not shown in the U.S. DOT Report (see Zone 155).



Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

All of the industries on this branch could be served by the Detroit Terminal RR.

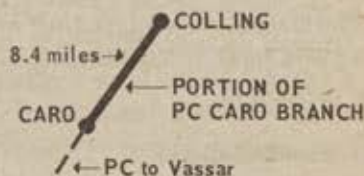
Preliminary Recommendation

It is *not* recommended that the Oakman Spur be included in the ConRail System.

PORTION OF CARO BRANCH

USRA Line No. 438

Penn Central



This portion of the Caro Branch, formerly part of the New York Central RR, extends from Caro (Milepost 13.8), to Colling, Mich. (Milepost 22.2), a distance of 8.4 miles, in Tuscola County, Mich. This is the northern portion of the Caro Branch; the southern extension to Vassar is also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zone 157).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line: Colling	85
Total carloads generated by the line	85
Average carloads per week	1.6
Average carloads per mile	10.1
Average carloads per train	2.8
1973 operating information:	
No. of round trips per year	30
Estimated time per round trip (hours)	3
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Burroughs Company in Colling has approved capital expenditures of \$150,000 which should increase its farm equipment shipments by 30 percent.

Information for Line Retention Decision

Revenue received by PC	\$55,836
Average revenue per carload	\$657
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	59,337
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	21,820
Cost incurred beyond the branch line	25,366
Total variable (avoidable) cost	106,523
Net contribution (loss): Total	(50,687)
Average per carload	(596)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,040 crossties (an average of 600 crossties per mile).

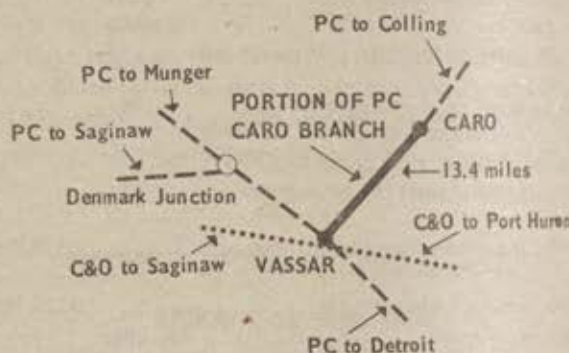
Preliminary Recommendation

It is *not* recommended that this portion of the Caro Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$50,687 or \$596 per carload. Recovery of costs would require approximately a 170 per cent increase in traffic or a 90 per cent rate increase over the 1973 levels.

PORTION OF THE CARO BRANCH

USRA Line No. 438a

Penn Central



This portion of the Caro Branch, formerly part of the New York Central RR, extends from Vassar (Milepost 0.4) to Caro, Mich. (Milepost 13.8), a distance of 13.4 miles, in Tuscola County, Mich. This line is the lower portion of the PC's Caro Branch. A continuation of this line from Caro to Colling is also under study in this Report. At Vassar, this line connects with the PC line to Detroit going south and northward to Denmark Junction. Both of these line segments are also under study. Also at Vassar this line connects with the Chesapeake & Ohio's Port Huron-to-Saginaw line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 157).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Banksand	0
Wahjamega	0
Caro	874
Total carloads generated by the line	874
Average carloads per week	16.8
Average carloads per mile	65.2
Average carloads per train	5.8
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	9.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that local farmers stand to lose 28 cents in revenue on every bushel of beans or grain moved by truck.

Information for Line Retention Decision

Revenue received by PC.....	\$354,958
Average revenue per carload.....	\$406
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	174,621
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	37,954
Cost incurred beyond the branch line.....	261,047
Total variable (avoidable) cost.....	473,622
Net contribution (loss) total.....	(118,644)
Average per carload.....	(136)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 8,040 crossties (an average of 600 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Caro Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$118,644 or \$136 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 33 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF MACKINAW BRANCH

USRA Line No. 440



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Bay City* (Milepost 5.0) to *Gaylord, Mich.* (Milepost 120.4), a distance of *115.4 miles* in Bay, Arenac, Ogemaw, Roscommon, Crawford and Otsego Counties, Mich. All connecting Penn Central trackage north to Cheboygan, south to Saginaw, and the line to Midland are also under study. The Detroit & Mackinac Ry, from Bay City to Alpena parallels this route between Bay City and Pinconning, before angling in towards Alpena. A connection is made with the Chesapeake & Ohio at Bay City, Mich. This line was described as potentially excess in the U.S. DOT Report (see Zones 158, 162 and 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Kawkawlin.....	19
Linwood.....	4
Pinconning ¹	35
Standish.....	103
West Branch.....	285
St. Helens.....	230
Roscommon.....	51
Grayling.....	262
Frederick.....	1
Gaylord.....	2,247

Total carloads generated by the line.....	3,237
Average carloads per week.....	62.3
Average carloads per mile.....	28.1
Average carloads per train.....	10.8
1973 Operating Information:	
Number of round trips per year.....	300
Estimated time per round trip, (hours).....	11
Locomotive horsepower.....	2,000
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Wendell Flynn, President of SEMCO, Inc. at West Branch noted that this firm is able to compete for government contracts because it has rail service. The firm's traffic alone does not justify rail service; however, the Lower Peninsula is developing and rail service is essential to this growth.

Information for Line Retention Decision

Revenue received by PC.....	\$1,339,274
Average revenue per carload.....	\$432

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	1,063,630
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	79,588
Cost incurred beyond the branch line	678,445

Total variable (avoidable) cost..... 1,821,663

Net contribution (loss) total..... (482,389)

Average per carload..... (149)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 17 crossties per mile). A major oil find was made in the area in recent years. Oil wells and two gas wells were in production and exploration is still in progress. Because it is located in a somewhat isolated corridor, adequate transportation is vital to Gaylord. Champion International Corporation, the principal freight user of rail freight service in Gaylord, has recently begun a multimillion dollar plant expansion program. The firm's projected carload figure for 1974 is 5,324. Gaylord has received a \$734,000 grant from the Economic Development Administration to aid in the development of an industrial complex. The town has also received Federal funds for construction of a storm sewer and hospital. Grayling City Manager, Jerry Morford, stated that new industry is expected to locate in Grayling.

Preliminary Recommendation

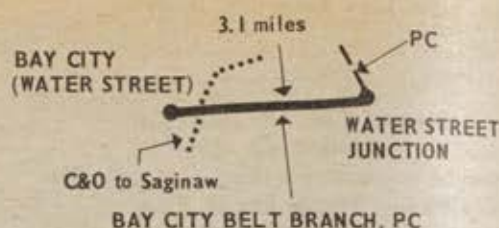
Although the preliminary recommendation is that this portion of the Mackinaw Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$482,389 or \$149 per carload. Service continuation to Gaylord from the north by D&M will be considered.

BAY CITY BELT BRANCH

USRA Line No. 440a

Penn Central

The Bay City Belt Branch, formerly part of the New York Central RR, extends from *Water Street Junction*



(Milepost 0.0) to *Bay City, Mich.* (Milepost 3.1), a distance of 3.1 miles, in Bay County, Mich. This track connects parts of the City of Bay City with the Penn Central through routes—north to Mackinaw and south to Saginaw, both of which are also under study in this Report. Another local track to the north of this line connects Penn Central with the Detroit & Mackinaw Ry. and the C&O. Also, the Chesapeake & Ohio crosses this line between Michigan and Garfield Streets. This line was not described as potentially excess in the U.S. DOT Report (see Zone 158).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Bay City¹..... 690

Total carloads generated by the line..... 690

Average carloads per week..... 13.3

Average carloads per mile..... 222.6

Average carloads per train..... 4.4

1973 operating information:

Number of round trips per year..... 156

Estimated time per round trip (hours)..... 2

Locomotive horsepower..... 600

Train crew size..... 4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC..... \$310,832

Average revenue per carload..... \$ 450

Variable (avoidable) cost of continued service:

Cost incurred on the branch line..... 67,775

Cost of upgrading branch line to FRA

Class I: (1/10 of total upgrading cost)..... 15,677

Cost incurred beyond the branch line..... 195,402

Total variable (avoidable) cost..... 278,854

Net contribution (loss): total..... 31,978

Average per carload..... 46

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,550 crossties (an average of 500 crossties per mile).

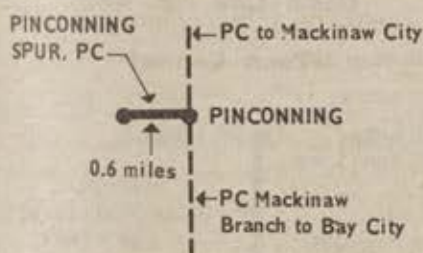
Recommendation

It is recommended that the Bay City Belt Branch be included in the ConRail System. Attempts will be made to acquire trackage rights into the Saginaw/Bay City/Midland area (see line 455).

GLADWIN BRANCH

USRA Line No. 440b

Penn Central



The Gladwin Branch, formerly part of the New York Central RR, extends a distance of 0.6 miles at Pinconning in Bay County, Mich. This line is a short spur off the Penn Central's Mackinaw Branch which is also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 158).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Pinconning ¹	48
Total carloads generated by the line	
Average carloads per week	0.9
Average carloads per mile	80.0
Average carloads per train	1.0
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	0.5
Locomotive horsepower	2,000
Train crew size	4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$25,596
Average revenue per carload	\$533
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	8,139
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,490
Cost incurred beyond the branch line	14,887
Total variable (avoidable) cost	27,516
Net contribution (loss): total	(1,920)
Average per carload	(40)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 600 crossties (an average of 1,000 crossties per mile).

Although service to the entire line generates a loss, an 18 percent growth in traffic or an 8 percent increase in rates would make this portion of the line financially self-sufficient.

Service to this line must be provided via USRA segment 440 which generated a loss amounting to \$482,389.

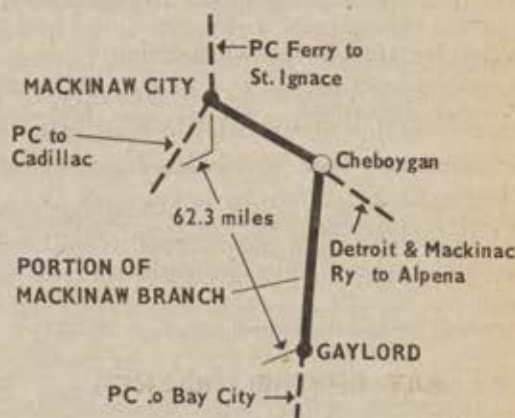
Recommendation

It is *not* recommended that the Gladwin Branch be included in the ConRail System.

PORTION OF MACKINAW BRANCH

USRA Line No. 441

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from Gaylord (Milepost 120.4) to Mackinaw City, Mich. (Milepost 182.7), a distance of 62.3 miles, in Otsego, Cheboygan

and Emmet Counties, Mich. This segment is the northern end of Penn Central's Mackinaw Branch. The southern extension of this line from Gaylord to Bay City, and the PC's line to Cadillac and Grand Rapids are also under study in this Report. The Detroit & Mackinac Ry's Main Line connects at Cheboygan. Penn Central has filed a petition to abandon this line, ICC Docket No. AB-5, Sub. 175. This line was not described as potentially excess in the U.S. DOT Report (see Zone 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mackinaw City.....	75
Vanderbilt.....	9
Indian River.....	35
Topinabee.....	0
Cheboygan.....	232

Total carloads generated by the line.....	351
Average carloads per week.....	6.8
Average carloads per mile.....	5.6
Average carloads per train.....	2.3
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip (hours).....	10.0
Locomotive horsepower.....	2,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" was centered on the potential impact to Gaylord. Both the Detroit & Mackinac Railway and a traffic analyst for Champion International Corp., the largest shipper on the line, indicated a willingness to route traffic on the D&M for southbound movement assuming the D&M could operate over this line under the Rail Reorganization Act.

Information for Line Retention Decision

Revenue received by PC.....	\$91,974
Average revenue per carload.....	\$262
Variable (avoidable) cost of continued service:	
Cost incurred on the Branch line.....	501,368
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	76,424
Cost incurred beyond the branch line.....	75,338
Total variable (avoidable) cost.....	653,130
Net contribution (loss): total.....	(561,156)
Average per carload.....	(1,599)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on

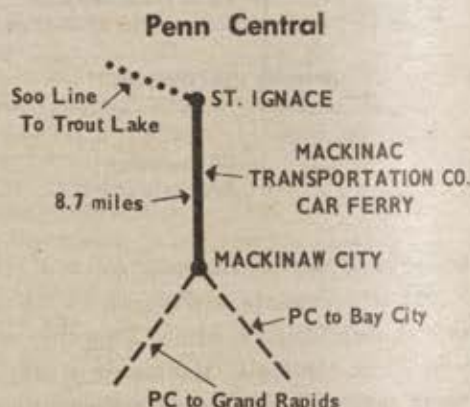
available information, this upgrading would include the replacement of a total of 12,000 crossties (an average of 193 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Mackinaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$561,156 or \$1,599 per carload. Recovery of costs would require approximately a thirty four-fold increase in traffic or a 610 per cent rate increase over the 1973 levels.

MACKINAC TRANSPORTATION CO.

USRA Line No. 442



The Mackinac Transportation Company operates railroad car-ferry service extending from *Mackinaw City* to *St. Ignace*, a distance of 8.7 miles, in Mackinaw, Emmett, and Cheyboan Counties, Mich. This line connects at Mackinaw City with the GR&I Branch of Penn Central extending south to Grand Rapids and with the Mackinaw Branch of Penn Central extending to Bay City, both of which are under study in this Report. At St. Ignace the line connects with the Soo line extending north to Trout Lake. Mackinac Transportation Company applied to abandon this line with the Interstate Commerce Commission on August 11, 1970 under Finance Docket No. 26303. Public hearings were held commencing January 25, 1971.

This line was not described as potentially excess in the U.S. DOT Report (see Zone 165).

Preliminary Recommendation

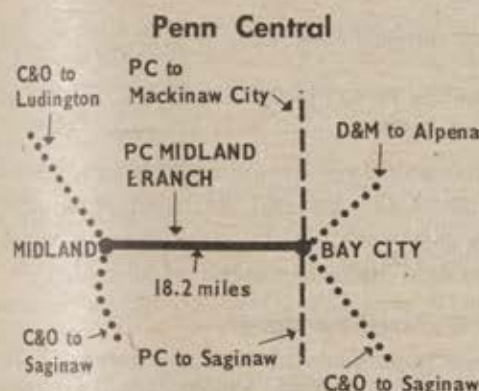
It is *not* recommended that the Mackinac Company car ferry service be included in the ConRail System.

Both of the Penn Central lines into Mackinaw City are also not recommended for inclusion in the ConRail System, although Detroit and Mackinac Railway (DM)

has expressed interest in acquiring the Penn Central line from Cheboygan to Mackinaw City (see coordination projects, Appendix D). The DM has *not* expressed any interest in the car ferry service.

MIDLAND BRANCH

USRA Line No. 443



The Midland Branch, formerly part of the New York Central RR, extends from Bay City (Milepost 0.0), to Midland, Mich. (Milepost 18.2), a distance of 18.2 miles, in Bay and Midland Counties, Michigan. This line branches off the Penn Central's Mackinaw line just north of Bay City. The Mackinaw line is also under study between Saginaw and Bay City, and Bay City and Mackinaw City. At Bay City, this line connects with the Chesapeake & Ohio and the Detroit & Mackinaw Rys., also, at Midland, the line connects with the Chesapeake & Ohio. This line was described as potentially excess in the U.S. DOT Report (see Zones 158 and 162).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Anbun	258
Midland	3,251
Total carloads generated by the line	3,509
Average carloads per week	67.5
Average carloads per mile	192.8
Average carloads per train	15.3
1973 operating information:	
Number of round trips per year	230
Estimated time per round trip (hours)	7
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the major potential impacts which could result from the proposed abandonment are: increased storage and trans-

portation costs; plant closings; loss of investments; community growth retardation; highway system inadequacies; preservation of rail competition; ecology and energy considerations; and the dangers of trucking hazardous chemicals were also of concern.

Dow Chemical is served by PC and C&O/B&O and employs over 3000 people in the manufacture of silicone chemicals. If forced to re-convert to coal it would want PC service which it had prior to 1968. Auburn Bean and Grain Company estimates business drop of \$5 million annually if rail service were discontinued. Midland Chamber of Commerce reports present business and industrial expansion would be seriously affected. Dow Chemical, employing 8,000 plus associated industry employees, is in a hazardous business which "would necessitate keeping more trackage in service than DOT recommended, but would speed up service, result in better equipment turnaround time and lessen yard congestions in the cities."

Fisher Sand and Gravel of Midland has facilities depending on freight only by rail. Abandonment would force the company to extensively alter or discontinue plant operations.

Information for Line Retention Decision

Revenue received by PC	\$2,374,973
Average revenue per carload	\$677
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	275,919
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,177,427
Total variable (avoidable) cost	1,453,346
Net contribution (loss): total	921,627
Average per carload	263

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that the Midland Branch be included in the ConRail System. Attempts will be made to acquire trackage rights into the Saginaw/Bay City/Midland area (see line 455).

DENMARK JUNCTION BRANCH

USRA Line No. 444

Penn Central

The Denmark Junction Branch, formerly part of the New York Central RR, extends from Denmark Junc-



tion (Milepost 91.1) to *Munger, Michigan* (Milepost 100.9), a distance of 9.8 miles, in Tuscola, Bay and Saginaw Counties, Michigan. This line is a branch of the Saginaw-Vassar segment of the PC's Mackinaw line. The Mackinaw line is also under study in this Report. The C&O line from Saginaw to Bay Port crosses at Reese. The portion of this line between Reese and Munger was described as potentially excess in the U.S. DOT Report (see Zones 157 and 158).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Munger	121
Reese	85
Total carloads generated by the line	206
Average carloads per week	4.0
Average carloads per mile	21.0
Average carloads per train	2.1
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that in 1973, Gollin Brick and Supply received 80 cars of brick and building materials from Michigan, Ohio, Pennsylvania and Texas. It is impossible to receive these materials from any other transportation mode. Abandonment would cut off its competitive advantage and force its shutdown.

Burroughs and Sons shipped 3,350 tons of beans in 1972 and 2,500 tons in 1973. During 1973 it could have shipped 4,500 tons if 45 freight cars were available. It expected to ship 4,500 tons in 1974. Shutdown could affect 420 farm customers and cost each farmer 28 cents per bushel to move by motor truck.

Information for Line Retention Decision

Revenue received by PC	\$88,023
Average revenue per carload	\$427
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	89,545
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	51,716
Total variable (avoidable) cost	141,261
Net contribution (loss): total	(53,238)
Average per carload	(258)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that the Denmark Junction Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$53,238 or \$258 per carload. Recovery of costs would require approximately a 150 percent increase in traffic or a 60 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF MACKINAW BRANCH

USRA Line No. 444a

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Vassar* (Milepost 86.2) to *Denmark Junction, Mich.* (Milepost 91.1), a distance of 4.9 miles, in Tuscola County, Mich. The Mackinaw branch continues west to Saginaw, and south to Oxford and Detroit. The Penn Central branch to Munger comes in at Denmark Junction, and the

branch to Colling meets at Vassar; all Penn Central lines in this area are also under study in this Report. The C&O line to Port Huron crosses at Vassar. This line was not described as potentially excess in the U.S. DOT Report (see Zone 157).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Denmark Jet	84
Total carloads generated by the line	84
Average carloads per week	1.6
Average carloads per mile	17.1
Average carloads per train	1.6
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$23,943
Average revenue per carload	\$285
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	37,304
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	15,825
Total variable (avoidable) cost	53,129
Net contribution (loss): Total	(29,186)
Average per carload	(347)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is not recommended that this portion of the Mackinaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$29,186 or \$347 per carload. Recovery of costs would require approximately a 360 percent increase in traffic or a 120 percent rate increase over the 1973 levels.

PORTION OF PC MACKINAW BRANCH

USRA Line No. 445

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from Millington (Milepost 79.6) to Vassar, Mich. (Milepost 86.2), a distance of 6.6 miles, in Tuscola County, Mich. This segment formed part of the through Detroit-to-Saginaw Line. At Vassar, Penn Central Lines from Denmark Junction and Colling converge. Both these line segments are under study as is the line segment south of Millington to Lapeer Junction. At Vassar this line connects with the Chesapeake & Ohio's Port Huron-to-Saginaw Line. This line was described as potentially excess in the U.S. DOT Report (see Zone 157).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Millington	34
Vassar	695

Total carloads generated by the line	729
Average carloads per week	14.0
Average carloads per mile	110.5
Average carloads per train	7.3
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Services Report".

Information for Line Retention Decision

Revenue received by PC	\$150,634
Average revenue per carload	\$207
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	83,091
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	12,638
Cost incurred beyond the branch line	131,163
Total variable (avoidable) cost	226,852
Net contribution (loss): Total	(76,258)
Average per carload	(105)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,195 crossties (an average of 484 crossties per mile).

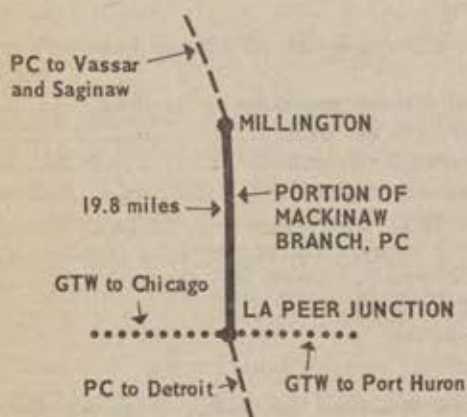
Preliminary Recommendation

It is *not* recommended that this portion of the Mackinaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic revenue and cost levels, this line generates an annual excess financial burden amounting to \$76,258 or \$105 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 50 per cent rate increase over the 1973 levels.

PORTION OF MACKINAW BRANCH

USRA Line No. 445a

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Millington* (Milepost 79.6) to *Lapeer Jct., Mich.* (Milepost 59.8), a distance of 19.8 miles, in Lapeer and Tuscola Counties, Mich.). This line was described as potentially excess in the U.S. DOT Report (see Zone 156).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any patrons but is occasionally used as an overhead line.

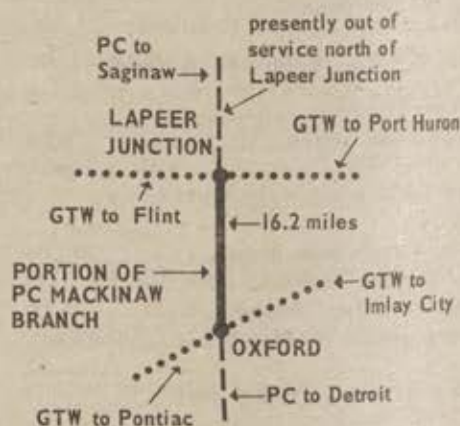
Preliminary Recommendation

It is *not* recommended that this portion of the Mackinaw Branch be included in the ConRail System.

PORTION OF MACKINAW BRANCH

USRA Line No. 445b

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Oxford* (Milepost 43.6) to *Lapeer Junction, Mich.* (Milepost 59.8), a distance of 16.2 miles, in Lapeer and Oakland Counties, Mich. This line is part of Penn Central's Detroit-to-Mackinaw City Mackinaw Branch; this line only receives local service. It connects at Lapeer Junction with the Grand Trunk Western's Main Line to Port Huron and at Oxford with their line to Pontiac. This line was described as potentially excess in the U.S. DOT Report (see Zones 155 and 156).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	21
Metamora	375
Lapeer	329
Total carloads generated by the line	

Average carloads per week	7.7
Average carloads per mile	24.6
Average carloads per train	4.0
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	3.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" centered around PC's service to and from firms located in and around Lapeer. Church's Lumber Co. receives 95 percent rail shipments. Transportation costs would increase between 15 and 20 percent if abandonments were approved and its Oxford lumber yard would be closed.

Information for Line Retention Decision

Revenue received by PC	\$126,594
Average revenue per carload	\$317
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	129,168
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	35,735
Cost incurred beyond the branch line	81,544
Total variable (avoidable) cost	246,447
Net contribution (loss): Total	(119,853)
Average per carload	(300)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 8,094 crossties (an average of 499 crossties per mile).

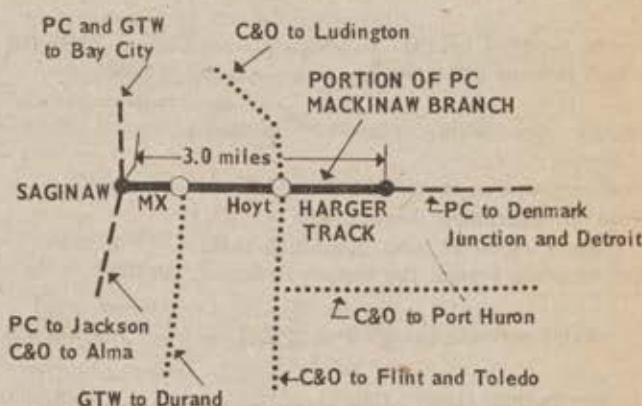
Preliminary Recommendation

It is not recommended that this portion of the Mackinaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$119,853 or \$300 per carload. Recovery of costs would require approximately a 260 percent increase in traffic or a 95 percent rate increase over the 1973 levels.

PORTION OF MACKINAW BRANCH

USRA Line No. 446

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Harger Track* (Milepost 17.7) to *Saginaw, Mich.* (Milepost 20.7), a distance of 3.0 miles, in Saginaw County, Mich. This line is in Zone 159 in the U.S. Department of Transportation Report, "Rail Service in the Midwest and Northeast Region," dated February 1, 1974. At Saginaw this line connects with Penn Central lines to Jackson and Mackinaw (via Bay City) and the C&O to Ludington and Port Huron. The Grand Trunk Western crosses at MX Tower, just east of Saginaw and utilizes PC Trackage to operate from MX to Mershon (north of Saginaw) before going onto their own trackage to operate into Bay City. A third C&O line, running from Saginaw south to Flint and Detroit, crosses at Hoyt. The Mackinaw Branch continues east to Denmark Junction and Detroit. All Penn Central lines in this region are also under study in this Report (see Zone 159).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Saginaw ¹	332
Total carloads generated by the line	
Average carloads per week	6.4
Average carloads per mile	110.7
Average carloads per train	3.3
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	2.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$96,416
Average revenue per carload	\$290
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	44,864
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	58,511
Total variable (avoidable) cost	103,375
Net contribution (loss): total	(6,959)
Average per carload	(21)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

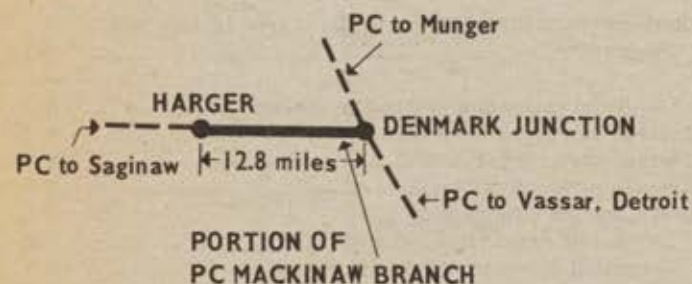
Recommendation

It is recommended that this portion of the Mackinaw Branch be included in the ConRail System. Attempts will be made to acquire trackage rights into the Saginaw Bay City/Midland area (see Line 455).

PORTION OF MACKINAW BRANCH

USRA Line No. 446a

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Denmark Junction* (Milepost 5.0), to *Harger, Mich.* (Milepost 17.7), a distance of 12.7 miles, in Tuscola and Saginaw Counties, Mich. This line is a segment of the Penn Central's Detroit to Mackinaw City line which is under study in its entirety. This segment is just east of Sag-

inaw. The Denmark Junction branch, from Denmark Junction, north to Munger is also under study in this Report. This line except for the portion in Tuscola County was described as potentially excess in the U.S. DOT Report (see Zones 157 and 159).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Richville	277
Harger	564
Saginaw ¹	357
Total carloads generated by the line	1,198
Average carloads per week	23.0
Average carloads per mile	94.3
Average carloads per train	10.0
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$373,628
Average revenue per carload	\$312
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	126,138
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	246,700
Total variable (avoidable) cost	372,838
Net contribution (loss) total	890
Average per carload	0.59

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that this portion of the Mackinaw Branch be included in the ConRail System. Attempts will be made to acquire trackage rights into the Saginaw/Bay City/Midland area (See Line 455).

PORTION OF MACKINAW BRANCH

USRA Line No. 447/447a/447b

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Saginaw* (Milepost 101.5) to *Bay City, Mich.* (Milepost 0.7), a distance of 13.7 miles, in Saginaw and Bay Counties, Mich. The continuations of this line, to Jackson, Detroit and Mackinaw City are also under study in this Report. At Bay City this line connects with the Chesapeake & Ohio Ry., the GTW and the Detroit & Mackinaw Ry. at Saginaw there are connections with the C&O and the Grand Trunk Western Ry. The GTW utilizes trackage rights over this line near Saginaw (from MX to Mershon) to reach Bay City from Durand. The C&O crosses this line at Mershon. This line was described as potentially excess in the U.S. DOT Report (see Zones 158 and 159).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Saginaw ¹	5,158
Bay City ¹	1,881
Carrollton	654
Zilwaukee	266
Total carloads generated by the line	
Average carloads per week	153.1
Average carloads per mile	581.0
Average carloads per train	22.7
1973 Operating Information:	
Number of round trips per year	350
Estimated time per round trip (hours)	8
Locomotive horsepower	4,000
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$2,765,088
Average revenue per carload	\$347
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	416,322
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,938,175
Total variable (avoidable) cost	2,354,497
Net contribution (loss): Total	401,591
Average per carload	52

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

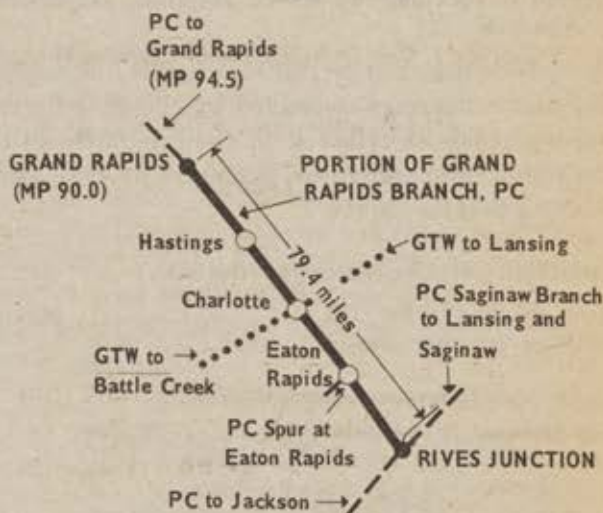
Recommendation

It is recommended that this portion of the Mackinaw Branch be included in the ConRail System. Attempts will be made to acquire trackage rights into the Saginaw/Bay City/Midland area (see Line 455a).

PORTION OF GRAND RAPIDS BRANCH

USRA Line No. 451/452/453

Penn Central



This portion of the Grand Rapids Branch, formerly part of the New York Central RR, extends from *Rives Junction* (Milepost 10.6) to *Grand Rapids, Mich.* (Milepost 88.1), a distance of 77.5 miles, in Kent, Barry, Eaton, Ingham and Jackson Counties, Mich. This line runs from the Jackson Branch at Rives Junction, to Grand Rapids; the branch continues for an additional four and one-half miles past the end of this line seg-

ment, all within the city of Grand Rapids. The Saginaw Branch and an industrial spur at Eaton Rapids are also under study in this Report. The Main Line of the Grand Trunk Western crosses at Charlotte. The Penn Central has filed a petition to abandon the portion of this line between Charlotte and Hastings, ICC Docket No. AB-5-Sub. 150. This line was described as potentially excess in the U.S. DOT Report (see Zones 149, 152, 161, and 163).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Onondaga	0
Eaton Rapids	689
Charlotte	453
Chester	2
Vermontville	80
Nashville	14
Hastings	204
Middleville	8
Caledonia	94
Dutton	9

Total carloads generated by the line	1,553
Average carloads per week	28.9
Average carloads per mile	20.0
Average carloads per train	15.5

1973 operating information:

Number of round trips per year	100
Estimated time per round trip (hours)	11.5
Locomotive horsepower	4,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$606,220
Average revenue per carload	\$390

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	677,758
Cost of upgrading branch line to FRA	
Class I-(1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	303,841
Total variable (avoidable) cost	981,599
Net contribution (loss): total	(375,379)
Average per carload	(242)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.)

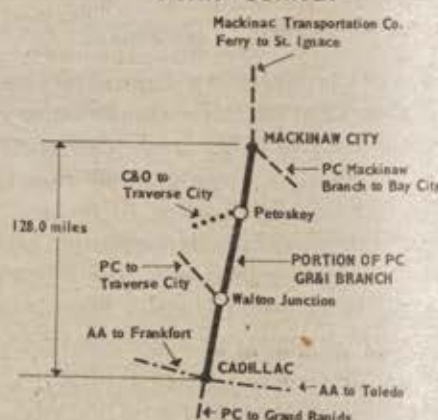
Preliminary Recommendation

It is *not* recommended that this portion of the Grand Rapids Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$375,379 or \$242 per carload. Recovery of costs would require approximately a 125 percent increase in traffic or a 60 percent rate increase over the 1973 levels.

PORTION OF THE GR&I BRANCH

USRA Line No. 454

Penn Central



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from Cadillac (Milepost 331.8) to Mackinaw City, Mich. (Milepost 459.8), a distance of 128.0 miles, in Wexford, Kalkaska, Grand Traverse, Antrim, Emmet, Charlevoix and Cheboygan Counties, Mich. This line is the northern portion of Penn Central's GR&I branch. Its southern extension (to Grand Rapids), its northern connection, the Mackinaw Branch, a branch from Walton Junction to Traverse City, and the Ann Arbor line which crosses at Cadillac are all also under study elsewhere in this Report. The C&O's line through northern Michigan connects at Petoskey. The Penn Central has filed petitions to abandon this line, ICC Docket No. AB-5-Sub. 159, USRA Docket No. 75-57. This line was described as potentially excess in the DOT Report (Zone 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Cadillac	257
Missaukee Junction	153
Manton	70
Walton Junction	29
Fife Lake	2
South Boardman	61
Kalkaska	344
Antrim	33
Mancelona	38

Alba	1
Elmira	29
Bayne Falls	53
Petoskey	235
Kegonsa	8
Alanson	0
Pellston	33
Levering	0

Total carloads generated by the line	1,346
Average carloads per week	25.9
Average carloads per mile	10.5
Average carloads per train	13.5
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	12
Locomotive horsepower	4,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the majority of shippers who testified at the hearings were citing traffic data for the Cadillac area. Only two of the firms at Cadillac cited traffic growth for future years: Red Mill Lumber projected an increase from 29 carloads in 1973 to between 39 and 42 carloads in future years; Brooks and Perkins projected an increase from 79 carloads in 1973 to 94 carloads in future years. A team track at Kalkaska (milepost 371.5) is the site where nineteen companies are currently receiving about 286 carloads of drilling pipe. The testimony record is unclear as to the expected time frame of this pipeline traffic (for construction & exploration purposes), and lacks detail as to whether rail or pipelines will haul any crude oil to market.

Strong opposition to abandonment came from the Cadillac Area Chambers of Commerce whose members utilize 302 cars. Manufacturing and wholesaling account for 60% of the economy of the Cadillac Area. Points in terms of industrial growth are: (1) Cadillac Malleable Iron Co. is planning an addition; (2) a lumber processing firm is expected to enter the area; (3) the Transit Services Co. is going to load and unload freight cars as part of a warehousing operation; (4) a recent discovery of oil and gas wells in the area will bring the need for more cars; (5) the development of an industrial park which has received EDA financing; (6) movement of industry from the city to rural areas.

As a result of a 304(f) abandonment notice, USRA has received correspondence from a wide cross-section of people. Governor Milliken stated that public hearings will be held both for USRA's preliminary plan and the State's own preliminary plan, and that no abandonments should take place until Michigan's plan is final. This action will preserve the State's option to

seek Title Four rail subsidy funds. The Michigan Association of Railroad Passengers objected to the abandonment and expressed the hope that the State's Rail Bond Issue could be used to restore passenger service on the Grand Rapids to Mackinaw City line. Inco Services, Northern Propane Gas (Cadillac) and the Northwest Michigan Planning Commission also filed letters of objection. Inco Services said that they had 2 years to run on a contract for a warehouse at Kalkaska where delivery pipe is received.

Information for Line Retention Decision

Revenue received by PC	\$526,098
Average revenue per carload	\$391
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	932,390
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	225,423
Cost incurred beyond the branch line	269,421
Total variable (avoidable) cost	1,427,234

Net contribution (loss): total	(901,136)
Average per carload	(669)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 38,846 cross-ties (an average of 303 cross-ties per mile).

Preliminary Recommendation

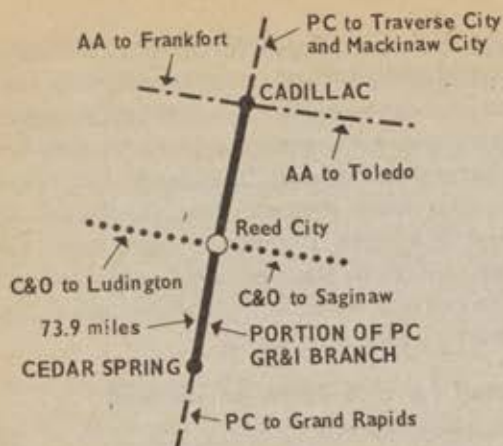
It is *not* recommended that this portion of the GR&I Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$901,136 or \$669 per carload. Recovery of costs would require approximately a 350 per cent increase in traffic or a 170 per cent rate increase over the 1973 levels.

PORTION OF GR & I BRANCH

USRA Line No. 454a

Penn Central

This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from *Cedar Springs* (Milepost 257.9) to *Cadillac, Mich.* (Milepost 331.8), a distance of 73.9 miles, in Mecosta, Kent, Montcalm, Osceola, and Wexford Counties, Mich. This line is a segment of the Penn Central's Grand Rapids & Indiana Branch; both its northern and southern exten-



sions are also under study in this Report. At Reed City, the C&O Ludington-Saginaw line crosses and at Cadillac the Ann Arbor Railroad (also under study in this report) crosses en route from Toledo and Owosso to Frankfort. Penn Central has filed to abandon the entire GR&I branch north of Cedar Springs, ICC Docket No. AB-5, Sub. 159 and USRA Docket No. 75-57. This line was described as potentially excess in the U.S. DOT Report (see Zones 163, 164, and 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sand Lake	8
Pierson	9
Howard City	3
Morley	0
Stanwood	13
Big Rapids	109
Reed City	82
Leroy	7
Tustin	2
Total carloads generated by the line	233
Average carloads per week	4.5
Average carloads per mile	3.2
Average carloads per train	2.3
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	6.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that most of the specific testimony came from shippers located in the outskirts of Grand Rapids, Cedar Springs, Big Rapids and Reed City. Michigan-Wisconsin Pipeline Company expressed a need for this line in order to complete a pipeline construction project. The project, of

short term, would generate 332 carloads over several years. Traffic data was supplied for 1973 carloads for Central Concrete Company, Big Rapids Box Company and Michigan Cigar Company. No projections of future business growth were noted other than another short term projection for a second pipeline project. The Farm Bureau of Stanwood and Consumers Power Company (light poles, wire, etc.) presented no traffic data. USRA received correspondence from the Shell Oil Company, which stated that the firm is exploring for oil in Michigan and will be bringing in 1,600 tons of pipe in 1974, and 2,500 tons of pipe in 1975 and again in 1976. Based on an estimate of 3½ tons per car, Shell Oil projects 450 carloads in 1974 and 715 carloads in both 1975 and 1976. A Big Rapids shipper wrote and explained how the abandonment of this line would leave shippers at the mercy of the "Teamsters Union monopoly." The Council of Reed City forwarded a resolution stating amongst other factors that since there appears to be a future possibility for subsidy assistance, that this line should not be abandoned.

Information for Line Retention Decision

Revenue received by PC	\$70,209
Average revenue per carload	\$301
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	516,196
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	126,451
Cost incurred beyond the branch line	45,405
Total variable (avoidable) cost	688,052
Net contribution (loss): total	(617,843)
Average per carload	(2,692)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 20,118 crossties (an average of 272 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the GR & I Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$617,843 or \$2,692 per carload. Recovery of costs would require approximately a 25-fold increase in traffic or an 895 percent rate increase over the 1973 levels.

PORTION OF THE SAGINAW BRANCH

USRA Line No. 455

Penn Central

(map not available)

This portion of the Saginaw Branch, formerly part of the New York Central RR, extends from *Jackson* (Milepost 0.0) to *Lansing, Mich.* (Milepost 40.0), a distance of 40.0 miles, in Jackson, Ingham, Clinton, Shiawassee and Saginaw Counties, Mich. At Jackson, Penn Central lines to Kalamazoo, Detroit, Elkhart and Van Wert meet, with the latter also under study in this Report. Another connection under study is the PC line to Grand Rapids at Rives Junction. Additional connections are the GTW's Jackson-Pontiac line at Jackson, the C&O's Grand Rapids-Detroit line and the GTW main line at Lansing. This line except for short portions near Lansing was described as potentially excess in the U.S. DOT Report (see Zones 152 and 161).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that although Zone 161 is heavily dependent upon both agriculture and manufacturing for its economic base, the bulk of the statements came from agricultural sources located near Lansing. One reason could be that only six of the approximately 23 grain elevators in the area would continue to receive rail service is DOT's recommendations were implemented. A representative of the Tri-County Regional Planning Commission (Clinton,

Eaton and Ingham) noted that several firms considering location have listed rail service as a prerequisite. DOT would eliminate PC at Lansing but retain the GTW and the Chessie system; however, the Lansing Metropolitan Development Authority pointed out that the bulk of the Lansing traffic originates on PC.

Information for Line Retention Decision

This line is required as a primary feeder line to Lansing, therefore local rail service will be provided to all shippers on the line.

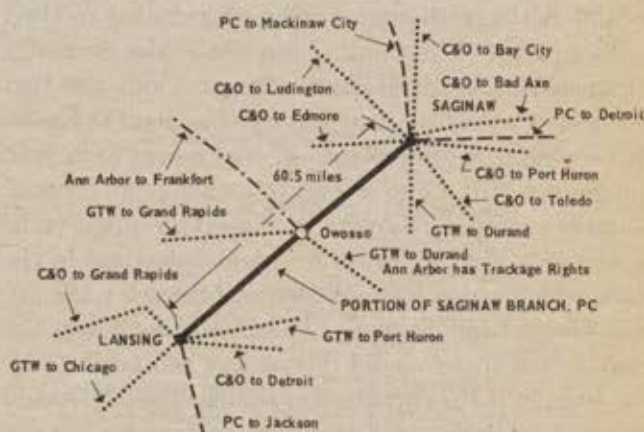
Recommendation

It is recommended that this portion of Saginaw Branch be included in the ConRail System

PORTION OF THE SAGINAW BRANCH

USRA Line No. 455a

Penn Central



This portion of the Saginaw Branch, formerly part of the New York Central RR, extends from *Lansing* (Milepost 40.0), to *Saginaw* (Milepost 101.5) a distance of 61.5 miles, in Clinton, Shiawassee, and Saginaw Counties, Mich. At Lansing, this line connects with the southern portion of the Saginaw Branch, also under study in this Report. At Saginaw, this line connects with the PC lines to Bay City and to Vassar, both of which are also being studied in this Report. The Grand Trunk Western and the Ann Arbor cross this branch at Owosso. The Ann Arbor line is also under study in this Report. Solvent carriers with which the PC branch connects include: the C&O and GTW at both Lansing and Saginaw. This line was, except for short portions near Lansing and Owosso, described as potentially excess in the US DOT Report (see Zones 19, 160, and 161).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Laingsburg	5
Bennington	1
Owosso	214
Menderson	91
Oakley	24
Chesaning	246
Fergus	7
St. Charles	29
Saginaw ¹	801

Total carloads generated by the line	1,418
Average carloads per week	27.3
Average carloads per mile	23.1
Average carloads per train	4.1
1973 operating information:	
Number of round trips per year	350
Estimated time per round trip (hours)	7
Locomotive horsepower	2,500
Train crew size	4

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Consumers Power Company has a power plant at Essexville to which 1.4 million tons of coal moves each year from Sunny Hill, Ohio via an interchange at Owosso. The power company expects its Essexville plant to be the site of a coal gasification plant sometime in the future, which would increase Saginaw Branch traffic between Owosso and Saginaw. The Chesaning Farm Cooperative felt that it could increase its rail business by 20 to 40 cars, if the cars were available. The McDonald Cooperative Dairy stated that they need rail service in order to move both bulk and liquid products at competitive prices. A mobile home builder at Chesaning needs rail service in order to move its over-sized Chessie frames via rail.

Information for Line Retention Decision

Revenue received by PC	\$732,787
Average revenue per carload	\$517
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	615,370
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	361,353
Total variable (avoidable) cost	976,723
Net contribution (loss): total	(243,936)
Average per carload	(172)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). A major upgrading is required, however, to bring the line up to a reasonable level of operating efficiency for the handling of Saginaw traffic.

Preliminary Recommendation

It is *not* recommended that this portion of the Saginaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$243,936 or \$172 per carload. Recovery of costs would require approximately a 65 percent increase in traffic or a 33 percent rate increase over the 1973 levels. This line may be retained if trackage rights cannot be obtained to handle the Saginaw traffic.

PORTION OF GR&I BRANCH

USRA Line No. 456/457/458



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from *State Line* (Milepost 146.4) to *Vicksburg, Mich.* (Milepost 171.9), a distance of 25.5 miles, in St. Joseph and Kalamazoo Counties, Mich. This line is a segment of the Penn Central's GR&I Branch which is under study in this Report. At Wasepi, the Penn Central's Three Rivers-Jackson-Elkhart Branch, also under study in this Report, crosses and at Sturgis the line from Elkhart to Hillsdale intersects the GR&I Branch. The crossing at Wasepi has been removed and the northern portion of this line has been connected to the PC's Elkhart-Jackson line to allow through movement at Three Rivers-Wasepi-Kalamazoo. Penn Central has filed a petition to abandon this line. ICC Docket No. AB-5, Sub. 172 and USRA Docket No. 75-58 cover the

stretch of the GR&I track from Kendallville, Ind., to Wasepi, which includes the portion of this line between Wasepi and State Line. This line was described as potentially excess in the U.S. DOT Report (see Zones 150 and 151).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sturgis ¹	1,473
Nottawa	5
Mendon	93

Total carloads generated by the line	1,571
Average carloads per week	30.3
Average carloads per mile	61.8
Average carloads per train	6.3
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,750
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by Penn Central	\$544,425
Average revenue per carload	\$347
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	297,779
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	42,476
Cost incurred beyond the branch line	301,976
Total variable (avoidable) cost	642,231
Net contribution (loss): total	(97,806)
Average per carload	(62)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 7000 cross-ties (an average of 275 cross-ties per mile). Sturgis Iron and Metal Co. decided to expand on a new 55-acre site south of Sturgis adjacent to the GR&I Branch. The site was picked mainly because of the access to GR&I. The company has bought "all necessary railroad tracks, ties, spikes and switches" and, in addition, a switch engine, a huge scale and a shredder. The new mill "is capable of putting out 80

tons per hour" and this capacity would require 12 gondolas per day; that is, inbound and outbound, at 70 tons per car (840 tons per day). The company is considering further expansion, but no decision can be made without a firm commitment from the railroad.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the GR&I not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$97,806 or \$62 per carload. Recovery of costs would require approximately a 40 percent increase in traffic or an 18 percent rate increase over the 1973 levels.

PORTION OF KALAMAZOO BRANCH

USRA Line No. 458a



This portion of the Kalamazoo Branch, formerly part of the New York Central RR, extends from *Three Rivers* (Milepost 9.5) to *Kalamazoo (South Yard)*, Mich. (Milepost 34.1), a distance of 24.6 miles, in Kalamazoo and St. Joseph Counties, Mich. This line's northern extension through Kalamazoo to Grand Rapids is also under study in this Report. Connections to the GR&I branch and the Chicago-Detroit PC line can be made several miles north of South Yard, Kalamazoo. At Schoolcraft the GTW Main Line crosses and at Three Rivers the PC Elkhart Branch connects the east end of the Elkhart Branch (from Three Rivers to Jackson), which is also under study in this Report. This line was

not described as potentially excess in the U.S. DOT Report (see Zones 150 and 151).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that several businesses on this line have made investments which will most likely increase the use of rail service.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Kalamazoo Branch be included in the ConRail System.

PORTION OF GR&I BRANCH

USRA Line No. 459/459a

Penn Central



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from Vicksburg (Milepost 177.9) to Kalamazoo, Mich. (Milepost 185.4), a distance of 13.5 miles, in Kalamazoo County, Michigan. The continuations of the GR&I Branch, north to Grand Rapids and south to Wasepi, and the Kalamazoo Branch which connects at Kalamazoo (Gibson Street) are also under study in this report. The GTW Main Line crosses at Vicksburg. Connections to the PC Chicago-Detroit line are made north of Kalamazoo (Gibson Street). The portion of this line between Upjohn and Vicksburg was described as potentially excess in the U.S. DOT Report (see Zone 151).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Vicksburg	851
Indianfield	1,408
Kalamazoo ¹	2,735
Total carloads generated by the line	
Average carloads per week	95.9
Average carloads per mile	389.6
Average carloads per train	20.0
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	6
Locomotive horsepower	1,750
Train crew size	5
¹ Includes only traffic on segment.	

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Union Camp Corp. at Indianfield, generated 460 carloads in 1972 and 513 carloads in 1973. It claimed that this traffic together with Upjohn's 1958 annual carloads is sufficient to require service on the Vicksburg to Kalamazoo segment of the line. The Kalamazoo Chamber stated that the Simpson-Lee Paper Co. generates 950 annual carloads.

Information for Line Retention Decision

Revenue received by PC	\$1,570,944
Average revenue per carload	\$315
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	285,098
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	24,212
Cost incurred beyond the branch line	868,015
Total variable (avoidable) cost	1,177,325
Net contribution (loss): total	393,619
Average per carload	79

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,400 crossties (an average of 252 crossties per mile).

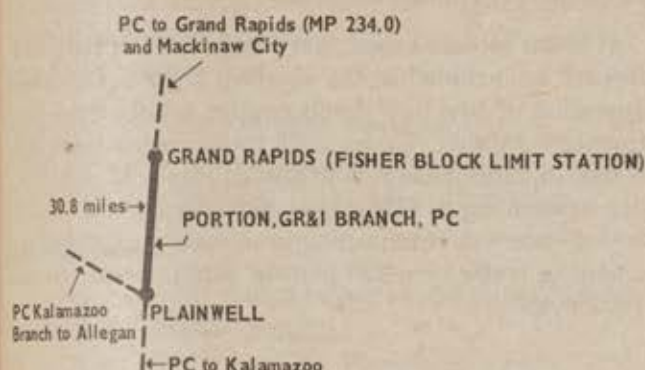
Recommendation

It is recommended that this portion of the GR&I Branch be included in the ConRail System.

PORTION OF GR&I BRANCH

USRA Line No. 460

Penn Central



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from Plainwell (Milepost 196.7) to Fishey (Grand Rapids), Mich. (Milepost 227.5), a distance of 30.8 miles, in Kent, Allegan, and Kalamazoo Counties, Mich. This line is a segment of the Penn Central's GR&I Branch, its northern and southern extensions and the Kalamazoo Branch which connects at Plainwell are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 149 and 163).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Martin	159
Shelbyville	0
Bradley	0
Waukegan	692
Moline	2
Carlisle	153
Fisher	290
Grand Rapids ¹	240
Total carloads generated by the line	1,545
Average carloads per week	29.7
Average carloads per mile	50.2
Average carloads per train	5.6
1973 operating information:	
Number of round trips per year	275
Estimated time per round trip (hours)	8.0
Locomotive horsepower	2,000
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates the parallel PC line (Grand Rapids to Kalamazoo) serves the communities between Grand Rapids and Plainwell. The Michigan Association of Railroad Passengers requested that the line be preserved in order that it might

be used as the connecting line to the east-west passenger service presently being provided at Kalamazoo.

Information for Line Retention Decision

Revenue received by PC	\$467,626
Average revenue per carload	\$303
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	380,466
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	235,066
Total variable (avoidable) cost	615,532
Net contribution (loss): total	(147,906)
Average per carload	(96)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards. A number of business dependent rail service described investment in plant or equipment, e.g., the Plainwell Paper Co. plans to increase its rail use over the next 5 years as a result of its \$15 million investment in new machinery. Pet, Inc., plans to increase its plant by an additional 40,000 square feet, thus increasing future car needs.

This line is the best link between the Grand Rapids market proper and the ConRail through route system at Kalamazoo. It requires no rehabilitation to FRA Class I and has greater on-line traffic than alternate routes.

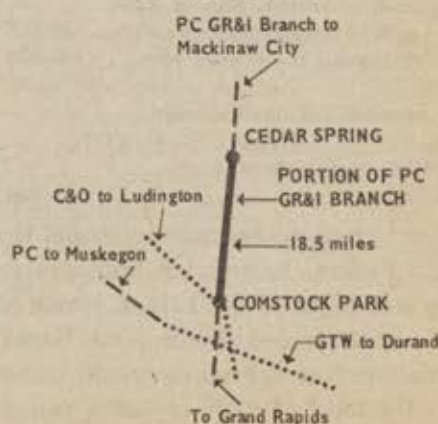
Recommendation

It is recommended that this portion of the GR-I be included in the ConRail System. In addition, all shippers within the yard limits of Grand Rapids as well as those on line 461a will be served.

PORTION OF GR&I BRANCH

USRA Line No. 461

Penn Central



This portion of the G.R. & I Branch, formerly part of the Pennsylvania RR, extends from Comstock Park

(Milepost 239.4) to *Cedar Springs, Mich.* (Milepost 257.9), a distance of 18.5 miles, in Kent County, Mich. This line is a segment of the Penn Central's Grand Rapids & Indiana Branch; both its northern and Southern extensions are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 163).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Rockford.....	74
Rockford.....	169
Cedar Springs.....	337

Total carloads generated by the line.....	580
Average carloads per week.....	11.2
Average carloads per mile.....	31.4
Average carloads per train.....	5.8
1973 operating information:	
Number of round trips per year.....	100
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	2,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Rockford Paper Mill had diverted 18,000 tons of coal from the Penn Central because of car shortages and inefficient service. Martin Marietta and Wolverine Worldwide both projected traffic increases.

Information for Line Retention Decision

Revenue received by PC:.....	\$131,258
Average revenue per carload.....	\$226
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	153,617
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	28,953
Cost incurred beyond the branch line.....	105,070
Total variable (avoidable) cost.....	287,640
Net contribution (loss): Total.....	(156,382)
Average per carload.....	(270)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,036 crossties (an average of 272 crossties per mile). Martin Marietta at Cedar Springs projected 364 carloads of limestone and mag-

nesium at the RSPO hearings. Wolverine Worldwide of Rockford projected traffic growth from 157 cars in 1973 to 223 carloads.

Preliminary Recommendation

It is *not* recommended that this portion of the GR&I Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$156,382 or \$270 per carload. Recovery of costs would require approximately a 600-fold increase in traffic or a 120 percent rate increase over the 1973 levels.

PORTION OF THE GR&I BRANCH

USRA Line No. 461a

Penn Central

This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from *Grand Rapids* (Milepost 234.0) to *Comstock Park, Michigan*, (Milepost 239.4), a distance of 5.4 miles, in Kent County, Mich. This line is a portion of the Grand Rapids & Indiana Branch. Its northern and southern extensions, and connecting PC lines to Muskegon, Jackson and a second line to Kalamazoo (parallel to the GR&I branch) are also under study in the Report. At Comstock Park the C&O line to Traverse City crosses. At Grand Rapids the Grand Trunk Western's Muskegon-to-Owosso line and C&O lines to Holland, Traverse City, and Lansing cross. This line was not described as potentially excess in the U.S. DOT Report (see Zone 163). The map illustrating this segment shows 11.9 miles of line under



study. Only the northern 5.4 miles between Comstock Park and Grand Rapids is discussed here.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line serves the majority of Grand Rapids traffic (\$12 million in revenues). This traffic is profitable.

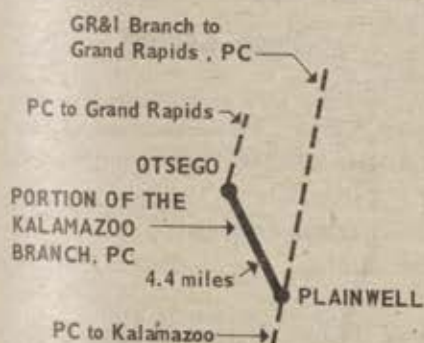
Recommendation

It is recommended that this portion of the GR&I be included in the ConRail System.

PORTION OF KALAMAZOO BRANCH

USRA Line No. 463

Penn Central



This portion of the Kalamazoo Branch, formerly part of the New York Central RR, extends from Plainwell (Milepost 48.1), to Otsego, Mich. (Milepost 52.5), a distance of 4.4 miles, in Allegan County, Mich. A continuation of this line extends northward from Otsego, which sector is also under study in this Report. The line connects with the PC GR&I Branch at Plainwell which runs parallel to the Kalamazoo Branch and is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Otsego	3,439
Total carloads generated by the line	3,439
Average carloads per week	66.1
Average carloads per mile	781.6
Average carloads per train	13.8
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	9
Locomotive horsepower	1,750
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,005,863
Average revenue per carload	\$292

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	190,974
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	7,355
Cost incurred beyond the branch line	591,879

Total variable (avoidable) cost	790,208
---------------------------------	---------

Net contribution (loss): total	215,655
Average per carload	63

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 142 crossties (an average of 32 crossties per mile).

Recommendation

It is recommended that this portion of the Kalamazoo Branch be included in the ConRail System.

PORTION OF THE KALAMAZOO BRANCH

USRA Line No. 463a

Penn Central

(Map not available)

This portion of the Kalamazoo Branch, formerly part of the New York Central RR, extends from Otsego

(Milepost 52.5) to *Dorr, Michigan* (Milepost 77.0), a distance of *24.5 miles*, in Kalamazoo and Allegan Counties, Michigan. Continuation of this line extends northward from *Dorr* and southeastward from *Otsego*; these are also under study in this Report. This line connects with the Chesapeake & Ohio line to *Muskegon* at *Allegan*. PC has filed petitions to abandon this line between *Otsego* and *Lamar* (ICC Docket No. AB-5, USRA Docket No. 75-60). This line was described as potentially excess in the U.S. DOT Report (see Zone 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Allegan	26
Hopkins	23
Dorr	155

Total carloads generated by the line..... 204

Average carloads per week.....	3.9
Average carloads per mile.....	8.3
Average carloads per train.....	4.6

1973 operating information:

Number of round trips per year.....	44
Estimated time per round trip (hours).....	8
Locomotive horsepower.....	1,750
Train crew size.....	3

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." A letter received from the Village Clerk of *Hopkins, Mich.* indicates that local farmers are concerned about the possible effects of abandonment. Highway bridges in the area are inadequate to meet the traffic demands.

Information for Line Retention Decision

Revenue received by PC.....	\$54,026
Average revenue per carload.....	\$265
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	179,158
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	33,764
Total variable (avoidable) cost.....	212,922
Net contribution (loss): total.....	(158,896)
Average per carload.....	(778)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 792 cross-ties (an average of 32 cross-ties per mile).

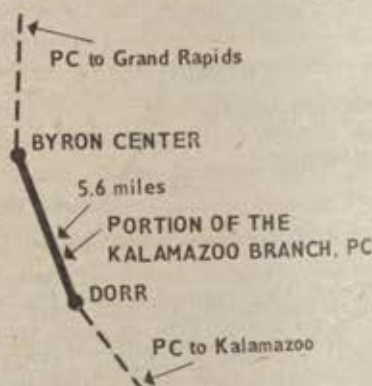
Preliminary Recommendation

It is *not* recommended that this portion of the Kalamazoo Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$158,896 or \$778 per carload. Recovery of costs would require approximately an eight-fold increase in traffic or a 295 percent rate increase over the 1973 levels.

PORTION OF THE KALAMAZOO BRANCH

USRA Line No. 463b

Penn Central



This portion of the Kalamazoo Branch, formerly part of the New York Central RR, extends from *Dorr* (Milepost 77.0) to *Byron Center, Mich.* (Milepost 82.6), a distance of *5.6 miles*, in Allegan and Kent Counties, Michigan. Continuation of this line extends southward from *Dorr* and northward from *Byron Center*. Both of these continuations are also under study in this Report. PC has filed petitions to abandon this line between *Otsego* and *Lamar*, ICC Docket No. AB-5, USRA Docket No. 75-60. This line was described as potentially excess in the U.S. DOT Report (see Zones 149 and 163).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Byron Center.....	41
Total carloads generated by the line.....	
Average carloads per week.....	0.8
Average carloads per mile.....	7.3
Average carloads per train.....	6.8
1973 operating information:	
Number of round trips per year.....	6
Estimated time per round trip (hours).....	1.0
Locomotive horsepower.....	1,750
Train crew size.....	3

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC.....	\$8,735
Average revenue per carload.....	\$213
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	37,582
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	3,848
Cost incurred beyond the branch line.....	5,417
Total variable (avoidable) cost.....	46,847
Net contribution (loss): total.....	(38,112)
Average per carload.....	(930)

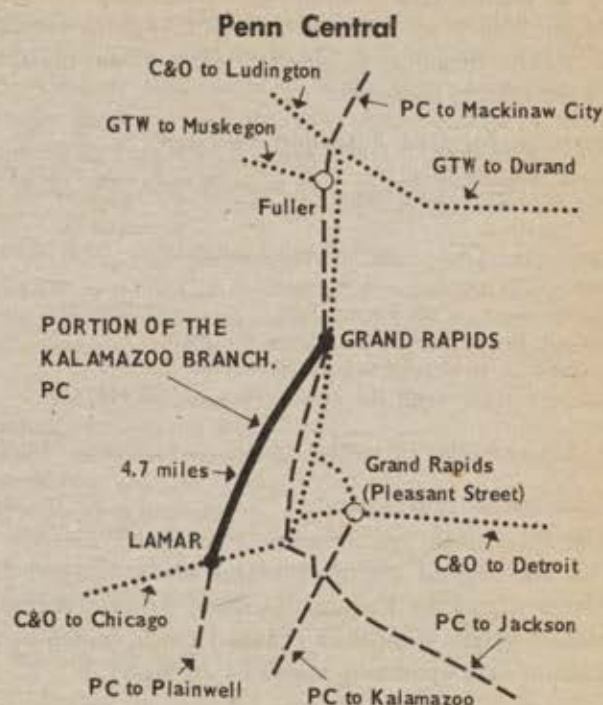
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 181 cross-ties (an average of 32 cross-ties per mile).

Preliminary Recommendation

It is not recommended that this portion of the Kalamazoo Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$38,112 or \$930 per carload. Recovery of costs would require approximately an eleven-fold increase in traffic or a 437 percent rate increase over the 1973 levels.

PORTION OF THE KALAMAZOO BRANCH

USRA Line No. 463d



This portion of the Kalamazoo Branch, formerly of the New York Central RR, extends from Lamar (Milepost 89.8) to Grand Rapids, Mich. (Milepost 94.5), a distance of 4.7 miles, in Kent County, Mich. A continuation of this line extends southward from Lamar; which is also under study in this Report. This line connects with the Waverly to Grand Rapids line of the Chesapeake & Ohio at Lamar. In addition, this line connects with the PC GR&I Branch and the PC line to Jackson at Grand Rapids; which are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 163).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Wyoming.....	123
Wentworth.....	3
Eagle Mills.....	40
Total carloads generated by the line.....	
Average carloads per week.....	3.2
Average carloads per mile.....	35.3
Average carloads per train.....	3.2
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	1,200
Train crew size.....	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$42,375
Average revenue per carload	\$255
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	47,998
Cost of upgrading branch lines to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	28,464
Total variable (avoidable) cost	76,462
Net contribution (loss): Total	(34,087)
Average per carload	(205)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

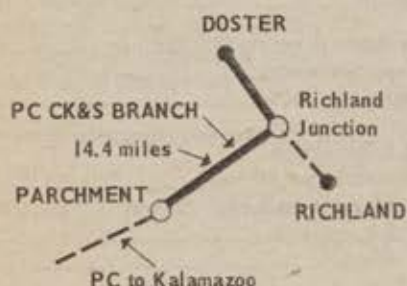
Preliminary Recommendation

It is *not* recommended that this portion of the Kalamazoo branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$34,087 or \$205 per carload. Recovery of costs would require approximately a 240 percent increase in traffic or an 80 percent rate increase over the 1973 levels.

CHICAGO, KALAMAZOO AND SAGINAW BRANCH

USRA Line No. 464/465

Penn Central



The Chicago, Kalamazoo and Saginaw Branch, formerly part of the New York Central RR, extends from *Richland Junction* (Milepost 36.0) to *Parchment* (Milepost 42.3) and from *Richland Junction* (Milepost 0.0) to *Doster, Mich.* (Milepost 8.1), a total distance of 14.4 miles, in Kalamazoo County, Michigan. This line continues from Parchment to Kalamazoo where it connects with diverging lines; also from Richland Junction to Richland. Penn Central has filed a petition to abandon the CK&S Branch from Parchment to Richland Junction and from Doster to Richland, ICC Docket Number 26706. The ICC approved abandonment but then stayed their approval. This line was not shown in the U.S. DOT Report (see Zone 151).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Highland Park	9
Richland	100
Doster	43

Total carloads generated by the line	152
Average carloads per week	3
Average carloads per mile	11
Average carloads per train	4
1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	5.5
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Richland Farm Service Company generated 66 and 67 carloads of freight in 1972 and 1973, respectively. The Doster Lumber Co. received 54 carloads of lumber in 1973. The former complained of poor rail service, causing it to ship goods via truck resulting in higher shipping costs. The latter stated that truck freight service is not economically feasible due to the nature of their shipments. Testimony received from Leo Filipowicz of the Richland Farm Service Company indicated that his firm shipped 38 carloads in 1973, and had service been adequate they would have used more. He also noted the potential hazards to the community of shipping by truck.

Information for Line Retention Decision

Revenue received by PC	\$56,480
Average revenue per carload	\$372
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	103,440
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	36,977
Total variable (avoidable) cost	140,417
Net contribution (loss): total	(83,937)
Average per carload	(552)

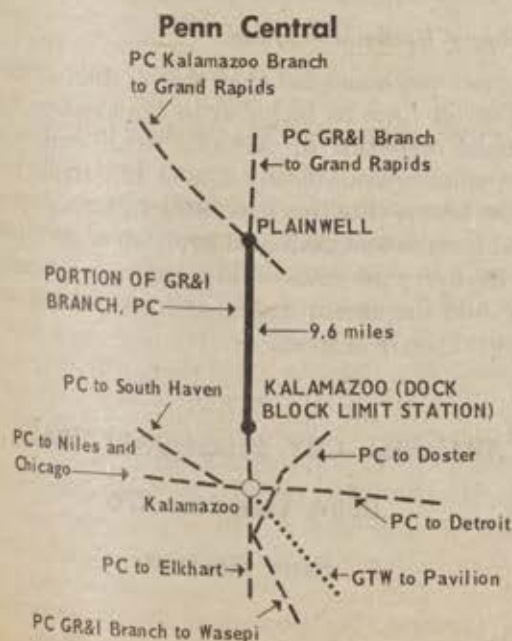
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that the Chicago, Kalamazoo and Saginaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$83,937 or \$552 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 150 percent rate increase over the 1973 levels.

PORTION OF GR&I BRANCH

USRA Line No. 464a



This portion of the GR&I Branch, formerly part of the Pennsylvania RR, extends from *Kalamazoo* (Milepost 187.1) to *Plainwell, Michigan* (Milepost 196.7), a distance of 9.6 miles, in Allegan and Kalamazoo Counties, Michigan. The northern and southern extensions of this line and the PC Kalamazoo Branch, which crosses at Plainwell, are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 149 and 151).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Plainwell	2,061
Kalamazoo ¹	757

Total carloads generated by the line	2,818
Average carloads per week	54.2
Average carloads per mile	293.5
Average carloads per train	9.4

1973 operating information:

Number of round trips per year	300
Estimated time per round trip (hours)	3.0
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$804,179
Average revenue per carload	\$285
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	170,151
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	445,957
Total variable (avoidable) cost	616,108
Net contribution (loss): total	188,071
Average per carload	67

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph.)

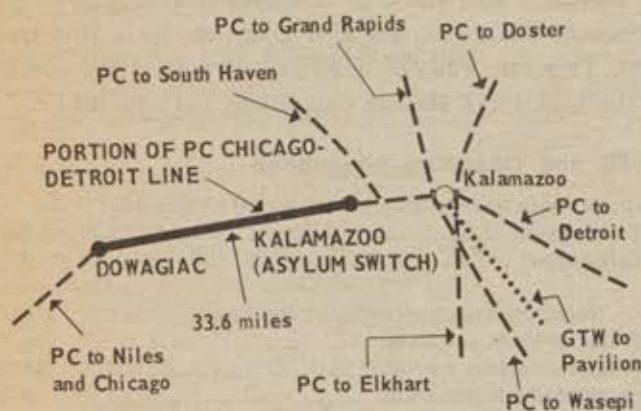
Recommendation

It is recommended that this portion of the GR&I Branch be included in the ConRail System.

PORTION OF CHICAGO-DETROIT MAIN LINE

USRA Line No. 466

Penn Central



This portion of the Chicago-Detroit Line, formerly part of the New York Central RR, extends from Kalamazoo (Milepost 145.0), to Dowagiac, Mich. (Milepost 178.6), a distance of 33.6 miles, in Kalamazoo, Van Buren, and Cass Counties, Mich. This line is part of the old Michigan Central Main Line between Chicago and Detroit. The line continues westward from Dowagiac to Niles (also under study in this report) and eastward from Kalamazoo to Detroit. Amtrak currently operates passenger service over this route. This line was not described as potentially excess in the U.S. DOT Report (see Zones 149 and 151).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mattawan	3
Lawton	128
Decatur	173

Total carloads generated by the line	304
Average carloads per week	5.8
Average carloads per mile	9.0
Average carloads per train	1.3

1973 operating information:

Number of round trips per year	240
Estimated time per round trip (hours)	4
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated there was a good deal of general public comment on the need for more and improved intercity passenger service. John DeLora, Chairman of the Michigan Asso-

ciation of Railroad Passengers, reported that the Michigan Bureau of Urban and Mass Transportation is preparing a master plan for future rail passenger service. Mr. DeLora suggested that no abandonments should take place until the Bureau has completed its plan.

Information for Line Retention Decision

Revenue received by PC	\$102,444
Average revenue per carload	\$337
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	285,629
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	44,514
Total variable (avoidable) cost	310,143
Net contribution (loss): total	(207,699)
Average per carload	(673)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). USRA staff have "discussed" with both the State of Michigan and Amtrak the options available for preserving intercity passenger routes should a few routes no longer justify continued freight service. At the present time, this line segment is used as part of the through route for Chicago-Detroit trains and Chicago-Port Huron trains. It has been suggested in previous meetings that both the State of Michigan and Amtrak will be evaluating this route so that a decision can be made at a later date on whether or not either party will wish to designate this line to be purchased, leased or otherwise acquired in their account.

Preliminary Recommendation

It is *not* recommended that this portion of the Chicago-Detroit Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$207,699 or \$673 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 200-percent rate increase over the 1973 levels.

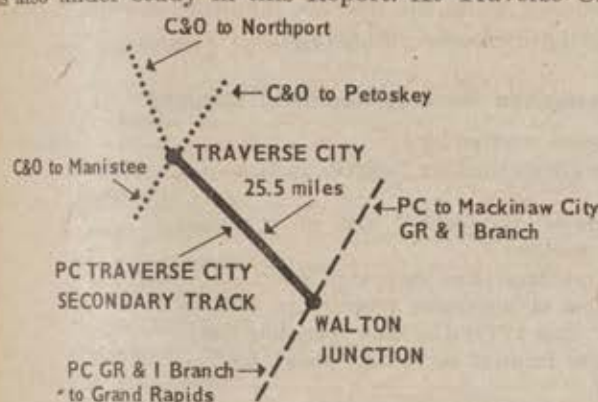
TRAVERSE CITY SECONDARY TRACK

USRA Line No. 470

Penn Central

The Traverse City Secondary Track, formerly part of the Pennsylvania RR, extends from Walton Junction (Milepost 0.0) to Traverse City, Mich. (Milepost

25.5), a distance of 25.5 miles, in Grand Traverse County, Mich. This line connects with the GR&I branch of the PC at Walton Junction. The GR&I branch extending north and south of Walton Junction is also under study in this Report. At Traverse City



the line connects with the C&O lines to Northport, Petoskey and Manistee. The Penn Central has filed a petition to abandon this line, ICC Docket No. AB-5, Sub. 48. This line was described as potentially excess in the U.S. DOT Report (see Zone 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Summit City	0
Kingsley	12
Mayfield	1
Traverse City	166
Total carloads generated by the line	179
Average carloads per week	3.4
Average carloads per mile	7.0
Average carloads per train	2.0
1973 operating information:	
Number of round trips per year	90
Estimated time per round trip (hours)	8
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information provided . . . that Kingsley, located 7 miles from Walton Junction, in planning a 40 acre industrial park. Kellogg Wholesale Building Supply Co. estimated 52 carloads in 1973 and projected 52 carloads. Brown Lumber Co. estimated 14 carloads in 1973. Cherry Central Coop. estimated 29 carloads in 1973 (none of these shippers appear on the USRA patron list). Michigan Foundry Supply (scrap metal) estimated 48 carloads in 1973. Executive Manager of Traverse City Chamber of Commerce at hearings in Traverse City stated the Traverse City Iron Works is in the process of building a new facility in the Airport Industrial Park and use

15 cars per month, estimating an increase of 10% in 2 years. He also stated that Traverse City Industrial Fund has purchased 160 acres in the Gawn area to be developed as an industrial park and are in need of rail service. He states a freeway network in northwest Michigan will not be completed until 1980 and the 2-lane highway system now in the area is inadequate to handle any additional traffic.

Information for Line Retention Decision

Revenue received by PC	\$66,539
Average revenue per carload	\$372
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	214,672
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	30,256
Cost incurred beyond the branch line	42,659
Total Variable (avoidable) cost	296,587
Net contribution (loss): total	(230,048)
Average per carload	(1,285)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 7,000 crossties (an average of 275 crossties per mile).

The reported potential traffic is completely inadequate to offset the loss generated by this line.

Preliminary Recommendation

It is *not* recommended that the Traverse City Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$230,587 or \$1,285 per carload. Recovery of costs would require approximately a ten-fold increase in traffic or a 340 percent rate increase over the 1973 levels.

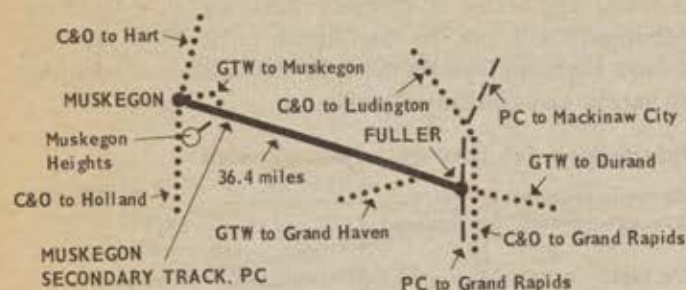
MUSKEGON SECONDARY TRACK

USRA Line No. 472

Penn Central

The Muskegon Secondary Track, formerly part of the Pennsylvania RR, extends from Fuller (Milepost 2.8) to Muskegon, Mich. (Milepost 39.2), a distance of 36.4 miles, in Muskegon, Ottawa and Kent Counties, Mich. This line uses Grand Trunk Western Ry. trackage from Fuller to Walker (Milepost 10.0) and Penn Central trackage (over which Grand Trunk Western

Ry. has trackage rights) from Walker to Muskegon. At Kinney, Grand Trunk Western's branch to Grand



Haven diverges. At Muskegon, C&O's lines to Hart and Holland connect as does a Penn Central industrial line to Muskegon Heights, also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 163 and 164).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Grand Rapids ¹	97
Bristol	4
Kinney	129
Conklin	46
Ravenna	11
Muskegon	445
Total carloads generated by the line	732
Average carloads per week	14.1
Average carloads per mile	25.1
Average carloads per train	4.9

1973 operating information:

Number of round trips per year	150
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Dykstra Elevator Company and the Brunswick Corporation stressed their reliance on rail service and they criticized the present inadequate service. The former firm is served only once a week by the PC and this causes delays in their shipments. Consequently, the firm has decreased its rail use. Dykstra estimates that its rail usage would expand if service was increased. The latter firm continues to use the track even though service over the line is inadequate. Part of the inadequate service is attributable to the poor condition of the track. Still, Brunswick Corporation ships via this line because other shipping alternatives would entail

significant cost increases and transit time increases. The firm also voiced opposition to the curtailment of the Grand Trunk Western's car-ferry service between Milwaukee and Muskegon. The Industrial Expansion Commission in Muskegon testified that eleven firms presently using the line are planning to expand necessitating increased rail service.

Information for Line Retention Decision

Revenue received by PC	\$244,024
Average revenue per carload	\$333
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	265,900
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	126,953
Total variable (avoidable) cost	392,853
Net contribution (loss): total	(148,829)
Average per carload	(203)

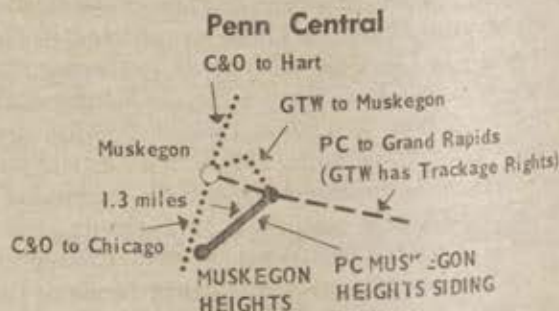
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that the Muskegon Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$148,829 or \$203 per carload. Recovery of costs would require approximately a 125 percent increase in traffic or a 60 percent rate increase over the 1973 levels.

MUSKEGON HEIGHTS SIDING

USRA Line No. 472a



The Muskegon Heights Siding, formerly part of the Pennsylvania RR, extends from Muskegon (Milepost 0.0 to Muskegon Heights, Mich. (Milepost 1.3), a distance of 1.3 miles, in Muskegon County, Mich. This line is a short spur off the Penn Central's Muskegon

Secondary Track which runs to Grand Rapids. (The Muskegon secondary track is also under study in this Report.) The Muskegon Heights Siding connects with the C&O. This line was not described as potentially excess in the U.S. DOT Report (see Zone 164).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Muskegon Heights.....	387
Total carloads generated by the line.....	387
Average carloads per week.....	7
Average carloads per mile.....	298
Average carloads per train.....	3
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip (hours).....	2
Locomotive Horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$133,311
Average revenue per carload.....	\$344
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	32,786
Cost of upgrading branch line to FRA Class I: (1/2 of total upgrading cost).....	5,849
Cost incurred beyond the branch line.....	85,581
Total variable (avoidable) cost.....	124,216
Net contribution (loss): total.....	9,095
Average per carload.....	24

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 333 crossties per mile).

Although this line generates a net contribution, it is served by USRA segment 472 which generated a loss of \$148,829. The contribution from this line does not offset the loss on segment 472.

Preliminary Recommendation

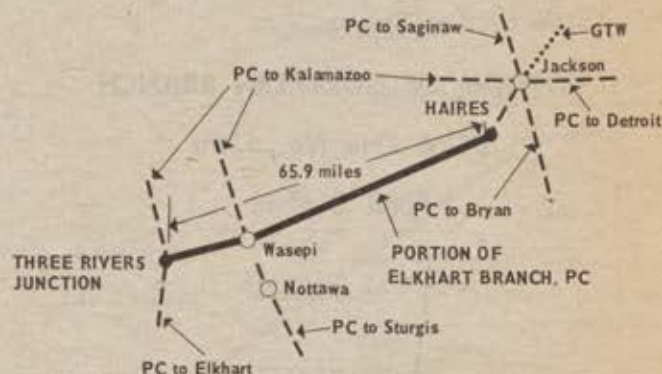
It is not recommended that the Muskegon Heights Siding be included in the ConRail System.

PORTION OF ELKHART BRANCH

USRA Line No. 473

Penn Central

This portion of the Elkhart Branch, formerly part of the New York Central RR, extends from *Haires*



(Milepost 4.0) to *Three Rivers Junction* (Milepost 69.9), a distance of 65.9 miles, in Jackson, Branch, St. Joseph and Calhoun Counties, Mich. A continuation of this line extends northward from Haires to Jackson and southward from Three Rivers Junction to Elkhart. This line connects with the PC Kalamazoo Branch at Three Rivers Junction, also under study in this Report. At Wasepi, this line connects with the GR&I Branch of the Penn Central which is also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zones 150 and 152).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Homer Fertilizer and Feed Company, which has a capital investment of \$250,000 is concerned about the increased cost of moving fertilizer by truck. Further, Homer Fertilizer reported that it would have shipped more goods had additional cars been available. Joers Farm Center, also reported that rail cars were unavailable. The Calhoun County Metropolitan Planning Commission is worried about the effects of abandonment, especially in regard to potential unemployment and retardation of community growth. The Commission also noted that Calhoun County has been classified as an economically depressed area by the Economic Development Administration.

Paul Treska, of the United Transportation Union, feels that abandonment of this line is unwarranted since hundreds of thousands of dollars have been spent rehabilitating the track over the last decade.

Information for Line Retention Decision

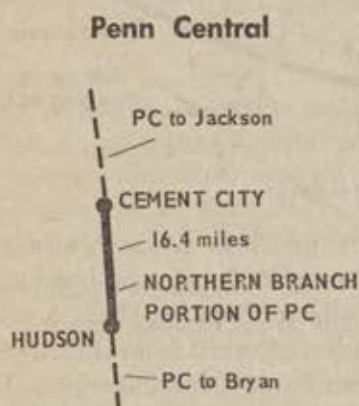
This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that the Elkhart Branch be included in the ConRail System.

PORTION OF NORTHERN BRANCH

USRA Line No. 530a



This portion of the Northern Branch, formerly part of the New York Central RR, extends from *Cement City* (Milepost 13.5) to *Hudson, Mich.* (Milepost 29.9), a distance of 16.4 miles, in Lenawee County, Mich. This line continues northward to Jackson and southward to Van Wert. Both are also under study in this Report. Penn Central has filed a petition to abandon this line, USRA Docket No. 75-33. This line was described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Cement City	10
Addison Junction	1
Maniton Beach	2
Rollin	0

Total carloads generated by the line	13
Average carloads per week	0.3
Average carloads per mile	0.8
Average carloads per train	0.5

1973 operating information:

Number of round trips per year	26
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled

"The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$5,002
Average revenue per carload	\$438

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	106,786
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	13,867
Cost incurred beyond the branch line	3,025

Total variable (avoidable) cost 123,678

Net contribution (loss): total	(117,986)
Average per carload	(9,076)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,770 crossties (an average of 108 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Northern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$117,986 to \$9,076 per carload. Recovery of costs would require approximately a 44-fold increase in traffic or a 2,070 percent rate increase over the 1973 levels.

BENTON SECONDARY TRACK

USRA Line No. 635



The Benton Secondary Track, formerly part of the New York Central RR, extends from *Benton Harbor*

(Milepost 0.0) to Niles, Mich. (Milepost 28.0), a distance of 28.0 miles, in Berrien County, Mich. This line connects at Niles with Penn Central's South Bend Secondary Track and the Chicago-Detroit line both of which are also under study in this Report. At Benton Harbor, connection is made with the C&O's Chicago Grand Rapids line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Niles ¹	167
Benton Harbor	225
St. Joseph	904
Sodus	622
Eau Claire	237
Berrien Centre	12

Total carloads generated by the line	2,167
Average carloads per week	41.7
Average carloads per mile	77.4
Average carloads per train	8.7
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	6
Locomotive horsepower	2,000
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Michigan Consolidated Gas reported it will receive 240 carloads of 42 inch steel at St. Joseph this year.

Information for Line Retention Decision

Revenue received by PC	\$755,975
Average revenue per carload	\$349
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	331,608
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	33,860
Cost incurred beyond the branch line	356,100
Total variable (avoidable) cost	721,568
Net contribution (loss): total	34,407
Average per carload	18

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 cross-ties (an average of 71 cross-ties per mile).

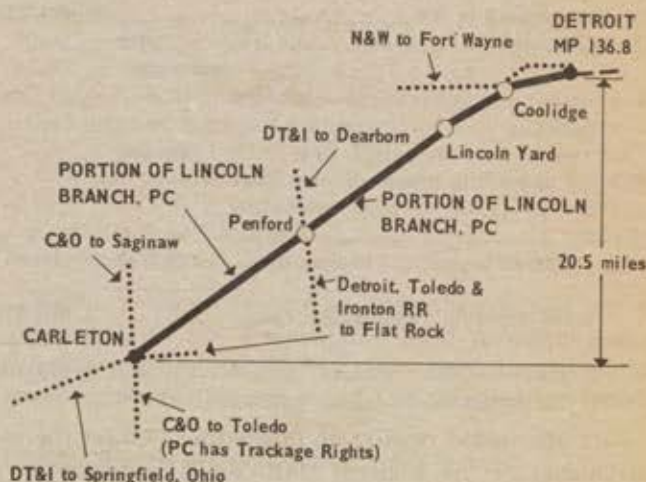
Recommendation

It is recommended that the Benton Secondary Track be included in the ConRail System.

PORTION OF LINCOLN BRANCH

USRA Line No. 636

Penn Central



This portion of the Lincoln Branch, formerly part of the Pennsylvania RR, extends from Carleton (Milepost 116.3) to Detroit, Mich. (Milepost 136.8), a distance of 20.5 miles, in Monroe and Wayne Counties, Mich. This line formed part of the old Pennsylvania RR route from Toledo, Ohio to Detroit. South of Carleton, PC (ex-PRR) has trackage rights over the C&O Ry. This trackage rights agreement is also under study in this Report. At Carleton, and Penford (Milepost 129.4) the Detroit, Toledo & Ironton RR crosses and at Coolidge (Milepost 135.6) the N&W connects. This line was not described as potentially excess in the U.S. DOT Report (See Zones 113 and 155).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ash	1,735
Brownstown	7,018
Carleton	2
Lurmet	112
Allen Park	1
Lincoln Park	711
Melvindale	14,380

Total carloads generated by the line	23,959
Average carloads per week	461
Average carloads per mile	1,168.7
Average carloads per train	79.9
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	10
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$7,631,314
Average revenue per carload	\$319
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	1,098,669
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	4,561,847
Total variable (avoidable) cost	5,660,516
Net contribution (loss): total	1,970,798
Average per carload	82

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

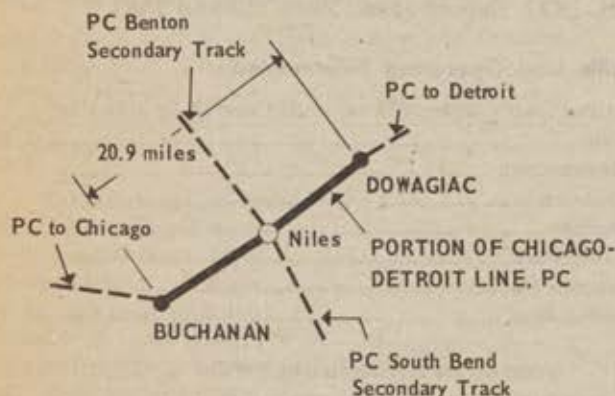
Recommendation

It is recommended that this portion of the Lincoln Branch be included in the ConRail System.

PORTION OF CHICAGO-DETROIT LINE

USRA Line No. 680

Penn Central



This portion of the Chicago-Detroit line, formerly part of the New York Central RR, extends from *Dowagiac* (Milepost 178.6) to *Buchanan, Mich.* (Milepost 199.5), a distance of 20.9 miles, in Cass and Berrien Counties, Mich. The eastern and western extensions of this line to Kalamazoo and Michigan City respectively,

and the PC Benton and South Bend Secondary Tracks which intersect at Niles, are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see zone 149).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Buchanan ¹	102
Niles ¹	641

Total carloads generated by the line	743
Average carloads per week	14.3
Average carloads per mile	35.6
Average carloads per train	3.1

1973 operation information:

Number of round trips per year	240
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$252,649
Average revenue per carload	\$340
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	208,952
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	100,887
Total variable (avoidable) cost	309,839
Net contribution (loss): Total	(57,190)
Average per carload	(77)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this portion of the Chicago to Detroit line be included in the ConRail System, *except for that traffic at Niles which can be served off line 637*. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual ex-

cess financial burden amounting to \$57,190 or \$77 per carload. Recovery of costs would require approximately a 38 percent increase in traffic or a 23 percent rate increase over the 1973 levels.

MACKINAW BRANCH

USRA Line No. 688

Penn Central



This portion of the Mackinaw Branch, formerly part of the New York Central RR, extends from *Utica* (Milepost 20.7) to *Oxford, Mich.* (Milepost 43.6), a distance of 22.9 miles, in Oakland and Macomb Counties, Mich. This line's northern extension to Lapeer Junction and Saginaw is also under study in this Report. Southward from *Utica*, the line continues into Detroit. It intersects two Grand Trunk Western Lines—the line from Pontiac to Caseville at Oxford and the Pontiac to Port Huron Line at Rochester. This line was not described as potentially excess in the U.S. DOT Report (see Zone 155).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Rochester	46
Lake Orion	19
Oxford	103
Total carloads generated by the line	168
Average carloads per week	3.2
Average carloads per mile	7.3
Average carloads per train	3.4
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	8
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that

Church Lumber Company generated 44 carloads in 1973 from Oxford and 238 carloads in 1973 from their Utica plant. This company receives 95% of its shipments from British Columbia and elimination of rail service would close their Oxford lumber yard.

Information for Line Retention Decision

Revenue received by PC	\$33,019
Average revenue per carload	\$197
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	178,314
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	29,091
Total variable (avoidable) cost	207,405
Net contribution (loss): total	(174,386)
Average per carload	(1,038)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Mackinaw Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$174,386 or \$1,038 per carload. Recovery of costs would require approximately a forty-four-fold increase in traffic or a 527 percent rate increase over the 1973 levels.

PORTION OF THE WHITE PIGEON JUNCTION-HILLSDALE BRANCH

USRA Line No. 692a/639a

Penn Central

(Map not available)

This portion of the Penn Central, formerly part of the New York Central RR, extends from *Hillsdale*

(Milepost 360.6) to *White Pigeon Jct.* (Milepost 419.0), a distance of 58.4 miles, in St. Joseph, Branch, and Hillsdale Counties, Mich. This line was not described as potentially excess in the U.S. DOT Report (see Zone 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hillsdale	6,087
Jonesville	30
Coldwater	1,985
Batavia	18
Bronson	47
Burr Oak	44

Total carloads generated by the line	8,211
Average carloads per week	157.9
Average carloads per mile	140.6
Average carloads per train	27.4
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	15.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Coldwater Public Utilities generated 582 carloads of coal traffic in 1973. The City Manager of Coldwater cited this line as an area for future population growth. The Coldwater Chamber of Commerce reported that the area is the fastest growing industrial area in south central Michigan, with nine firms having bought land during 1973 in a 500 acre industrial park.

Information for Line Retention Decision

Revenue received by PC	\$2,026,473
Average revenue per carload	\$247
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	814,829
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,670,085
Total variable (avoidable) cost	2,434,914
Net contribution (loss): total	(408,441)
Average per carload	(50)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that the White Pigeon Junction to Hillsdale Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$408,441 or \$50 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 20 percent rate increase over the 1973 levels.

D&M TRACKAGE RIGHTS

USRA Line No. 698

Penn Central

(Map not available)

This portion of the Detroit and Mackinac Railway is located in *Cheboygan*, in Cheboygan County, Mich. This line was not described as potentially excess in the U.S. DOT Report (see Zone 165).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Continued ConRail trackage rights over this line are *not* recommended.

PORTION OF TOLEDO-TO-FRANKFORT LINE

USRA Line No. 1300

Ann Arbor

This portion of the Toledo-Frankfort line extends from *Dundee* (Milepost 22.8), to *Owosso, Mich.* (Milepost 106.0) a distance of 83.2 miles, in Monroe, Washtenaw, Livingston and Shiawassee Counties, Mich. This study segment connects with the Penn Central's Chi-

cago to Detroit line at Ann Arbor, the Saginaw Branch at Owosso, and the Ida Branch at Federman. The Saginaw Branch and the Ida Branch are also under study

1973 operating information:

Number of round trips per year	260
Estimated time per trip (hours)	12.0
Locomotive horsepower	2,500
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Ford Motor Co. at Saline shipped 4,000 carloads of autos in 1973. Lott Elevator indicated a great reliance on rail service.

Information for Line Retention Decision

Revenue received by AA	\$921,400
Average revenue per carload	\$125

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	1,105,160
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	432,639

Total variable (avoidable) cost 1,537,799

Net contribution (loss): total (616,399)

Average per carload (84)

This line would require no upgrading to meet requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Toledo-to-Frankfort Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic revenue and cost levels, this line generates an annual excess financial burden amounting to 616,399 or \$84 per carload. Recovery of costs would require approximately a 125-percent increase in traffic or a 65-percent rate increase over the 1973 levels.

PORTRION OF TOLEDO-FRANKFORT LINE

USRA Line No. 1301

Ann Arbor

This portion of the Ann Arbor Railroad extends from Owosso (Milepost 106.0) to Thompsonville, Mich. (Milepost 270.3), a distance of 164.5 miles, in Shiawassee, Clinton, Gratiot, Isabella, Clare, Missaukee, Wexford, Manistee, and Benzie Counties, Mich. The



in this report. The Grand Trunk Western crosses at Owosso, Durand and Lakeland; the Norfolk & Western crosses at Milan, and the Chesapeake & Ohio crosses at Howell. The portions of this line north of Whitmore Lake and south of Pittsfield were described as potentially excess in the U.S. DOT Report (see Zones 113, 153 and 160).

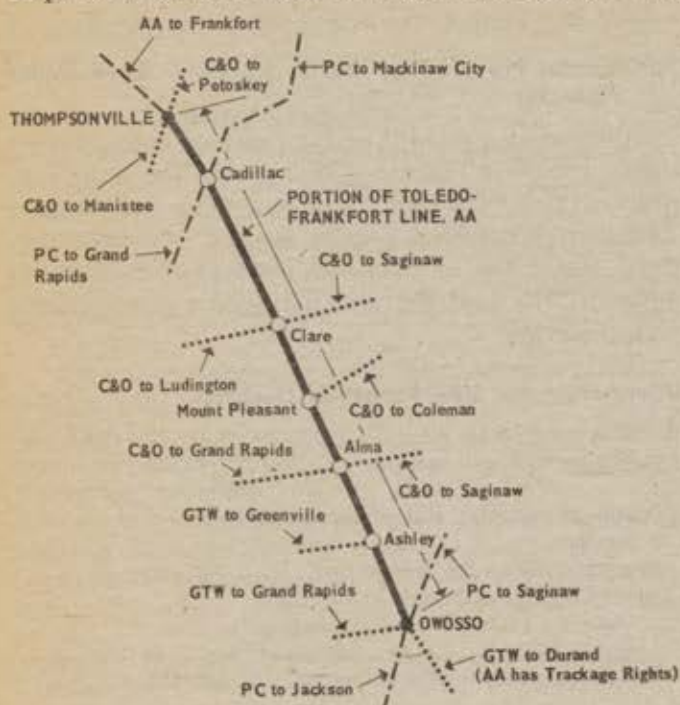
Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Milan	116
Urenia	1
Pittsfield	32
Saline	3,806
Ann Arbor	1,363
Whitmore Lake	1,227
Hamburg	2
Ann Arbor	5
Howell	340
Oak Grove	16
Cohoctah	87
Byron	13
Durand	2
Vernon	218
Corunna	112

Totals carloads generated by the line	7,339
Average carloads per week	141.1
Average carloads per mile	88.2
Average carloads per train	28.2

Ann Arbor line continues north to Frankfort and south to Toledo with both extensions also under study in this Report. This line connects with two Penn Central lines,



the Saginaw Branch at Owosso and the GR&I Branch at Cadillac, both of which are also under study. The Grand Trunk Western operates over the Ann Arbor between Owosso and Ashley where it regains its own trackage for movement to/from Greenville. The GTW utilizes its own trackage from Owosso to Durand. Connections are made with the Chesapeake and Ohio at Alma (the Lakeview-to-Saginaw line), Mt. Pleasant (the Branch from Mt. Pleasant to Coleman), Clare (the Saginaw-Ludington line), and Thompsonville (where the Petoskey-Grand Rapids line crosses). This line was described as potentially excess in the U.S. DOT Report (see Zones 160, 161, 162 and 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Owosso	1,686
Carland	1
Elsie	16
Ashley	407
North Star	91
Ithaca	387
Alma	201
Shepherd	201
Mt. Pleasant	195
Rosebush	59
Clare	60
Farwell	10
Marion	25
McBain	63
Cadillac	967
Yuma	1,338
Thompsonville	20
Total carloads generated by the line	5,227

Average carloads per week	100.5
Average carloads per mile	31.8
Average carloads per train	26.1
1973 Operating Information:	
Number of round trips per year	200
Estimated time per round trip (hours)	15.5
Locomotive horsepower	2,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Mr. Nash of DT&I said that AA has little or no on-line business between Frankfort and Owosso. A new sand operation at Yuma, Michigan (Sargent Sand Co.) has spent \$700,000 developing sand resources. In 1973 Sargent Sand Co. shipped 1,400 cars of foundry sand and expects to reach 10,000 carloads per year and hopes to develop methods of bringing "used" or "spent" sand back to Yuma, meaning another 5,000-10,000 carloads a year. Sargent also is developing sand facilities at Harlan, also on AA.

Cadillac Malleable Iron Co. said lack of rail could boost their costs by \$150,000. Mt. Pleasant, Michigan generates 1,000 carloads annually. Cadillac operates about 3,000 carloads.

Information for Line Retention Decision

Revenue received by AA	\$1,122,655
Average revenue per carload	\$214
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	1,609,938
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	403,938
Total variable (avoidable) cost	2,013,876
Net contribution (loss) total	(890,986)
Average per carload	(170)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

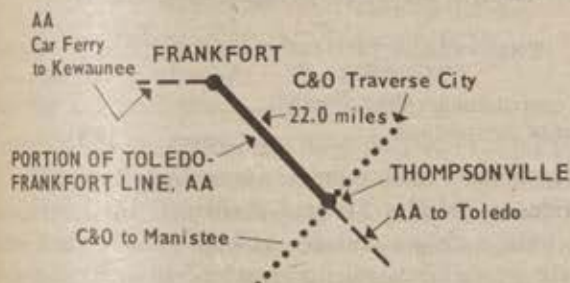
It is *not* recommended that this portion of the Toledo-Frankfort line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$890,986 or \$170 per car-

load. Recovery of costs would require approximately a 125 percent increase in traffic or an 80 percent rate increase over the 1973 levels.

PORTION OF TOLEDO-FRANKFORT LINE AND THE CROSS LAKE FERRY

USRA Line No. 1302/1303

Ann Arbor Railroad



This portion of the Ann Arbor Railroad, extends from Thompsonville (Milepost 270.5) to Frankfort, Mich. (Milepost 292.3), a distance of 21.3 miles, in Benzie County, Mich. Connecting with this segment is the Cross Lake Ferry Service between Frankfort, Michigan and Kewaunee, Wisconsin. This line is the western end of the Ann Arbor line from Toledo. The C&O Traverse City to Manistee line crosses at Thompsonville. At Frankfort the AA operates Cross Lake Ferry Service to Kewaunee, Wis. which is also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zone 165).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Beulah	27
Elberta	26
Frankfort	137
Kewaunee	19,637
Manitowoc	7,487
Total carloads generated by the line	27,314
Average carloads per week	525.3
Average carloads per train	52.4
1973 operating information:	
Number of round trips per year	521*
Estimated time per round trip (hours)	3.0*
Locomotive horsepower	5,000*
Train crew size	5*

*For rail service only.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that opposition to the abandonment of this segment of line was voiced by the Traverse Bay Area AFL-CIO. Abandonment would retard future growth and development, and would result in employee layoffs. They also stated that an estimated 200 Frankfort residents are employed directly or indirectly by the Ann Arbor. The Benzie County Board of Commissioners noted that the existing unemployment rate in the Frankfort-Elberta is 13.4 percent. Hence, any increase in this could have severe effects on the economy of the area.

Pet, Inc. who shipped 106 carloads in 1972, stated that the area is a particularly poor one for truckers because of the distances involved. They are also concerned about the increased transportation costs inherent in the switch from rail freight to truck freight.

Information for Line Retention Decision

Revenue received by AA	\$5,628,818
Average revenue per carload	\$206

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	670,530
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost of float operation	2,499,000
Cost incurred beyond the branch line (rail haul)	3,802,977

Total variable (avoidable) cost 6,972,502

Net contribution (loss): total	(1,343,689)
Average per carload	(49)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

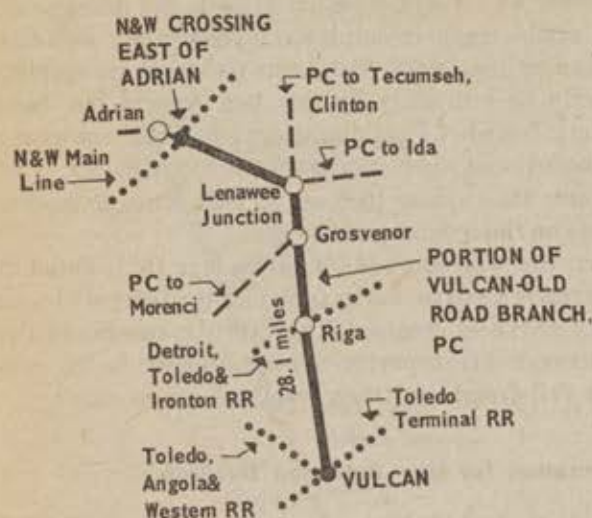
It is *not* recommended that this portion of the Ann Arbor be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$1,343,689 or \$49 per carload. It is *not* recommended that the AA Ferry be operated. (See chapter 18 for discussion.)

PORTION OF VULCAN-OLD ROAD BRANCH

USRA Line No. 393

This portion of the Vulcan-Old Road Branch, formerly part of the New York Central RR, extends from Vulcan, Ohio (Milepost 300.2), to N&W Crossing E. of

Adrian, Mich. (Milepost 328.3), a distance of 28.1 miles, in Lucas County, Ohio, and Lenawee and Monroe Counties, Mich. This line continues west to Adrian, approximately one-half mile west of the end of this segment,



which portion is also under study in this report. The lines from Clinton and Ida converge at Lenawee Jct. and a third branch runs from Grosvenor to Morenci; all three are also under study in this Report. At Riga the Main Line of the Detroit, Toledo & Ironton RR crosses and at Vulcan, Angola & Western RR. This line was described as potentially excess in the US DOT Report (see Zones 113 and 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sylvania	108
Ottawa Lake	13
Riga	316
Blissfield	378
Palmyra	41
Adrian ¹	79
Toledo ¹	5

Total carloads generated by the line	940
Average carloads per week	18.1
Average carloads per mile	33.5
Average carloads per train	3.1
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the total carloads for this line was 4,060. Bird Seeley of Michigan Elevator Exchange testified that the DOT

Report attributed their 3,269 carloads to the Toledo station and that he was reassured that the correction would be made.

Information for Line Retention Decision

Revenue received by PC	\$204,886
Average revenue per carload	\$314

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	412,146
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	79,329
Cost incurred beyond the branch line	174,414

Total variable (avoidable) cost 665,889

Net contribution (loss): total	(\$371,003)
Average per carload	(\$395)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 14,050 cross-ties (an average of 500 cross-ties per mile). In addition to the traffic reported above, PC performs a switch move for approximately 3,300 cars generated by the Michigan Elevator Exchange. The revenue received by PC for these movements is \$25. At this time, USRA has inadequate information to analyze this traffic.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Vulcan-Old Road Branch not be included in the ConRail System, the costs and revenues generated by the cars switched for Michigan Elevator Exchange must be analyzed before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$371,003 or \$395 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 125 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

TRACKAGE RIGHTS OVER C&O RAILWAY

USRA Line No. 437

Penn Central

These trackage rights over the Chesapeake and Ohio Ry, extend from Alexis, Ohio (Milepost 90.9) to Carleton, Mich. (Milepost 116.0), a distance of 25.1

miles, in Lucas County, Ohio and Monroe County, Mich. This portion of C&O trackage connected the Pennsylvania Railroad's Detroit lines with the Toledo



terminal area. At Alexis, the Ann Arbor, PC and C&O lines run into Toledo, and the Ann Arbor runs north to Ann Arbor and Lake Michigan. Connection is also possible with the PC (former New York Central) and Detroit & Toledo Shoreline routes to Detroit. At Carleton the Detroit, Toledo & Ironton RR Main Line crosses, the C&O continues north to Flint and Bay City and the PC (ex-PRR) line continues into Detroit. This line was not described as potentially excess in the U.S. DOT Report (see Zone 113).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Trackage rights over this line is used to serve USRA segment 636. The recommendation is that segment 636 be included in the ConRail system.

Preliminary Recommendation

It is recommended that trackage rights over this portion of the C&O be included in the ConRail System.

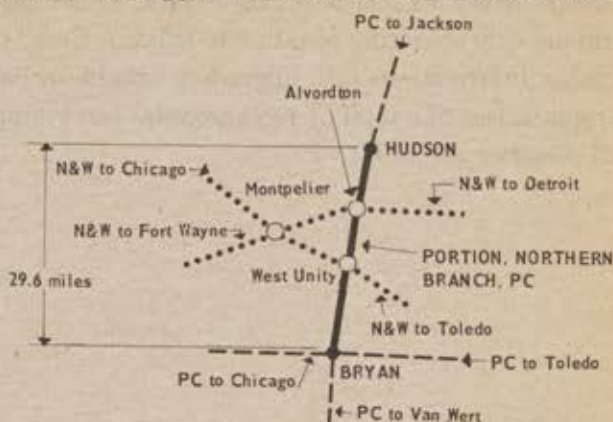
PORTION OF NORTHERN BRANCH

USRA Line No. 530

Penn Central

This portion of the Northern Branch, formerly part of the New York Central RR, extends from Hudson, Mich. (Milepost 29.9), to Bryan, Ohio (Milepost 58.7), a distance of 28.8 miles, in Lenawee and Hillsdale Counties, Mich. and Williams County, Ohio. Continuations of this line are northward from Hudson and southward from Bryan. Both of these continuations are also under study in this Report. Connections with other lines are: the PC Buffalo-to-Chicago line at Bryan, the

Norfolk & Western Montpelier-to-Toledo line at West Unity and Fort Wayne to Detroit line at Alvordton. An abandonment application has been submitted to the ICC



by PC, Docket No. AB-5, Sub. 112-113 and also to USRA, Docket No. 75-33. This line was described as potentially excess in the U.S. DOT Report (see Zones 114 and 150).

Traffic and Operating Information

Stations (with their 1973 carloads) served by the line:

Alvordton	0
West Unity	39
Pulaski	28
Hudson	125
Prattville	9
Waldron	26

Total carloads generated by the line	227
Average carloads per week	4.4
Average carloads per mile	7.9
Average carloads per train	4.5
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	9.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$90,931
Average revenue per carload	\$401

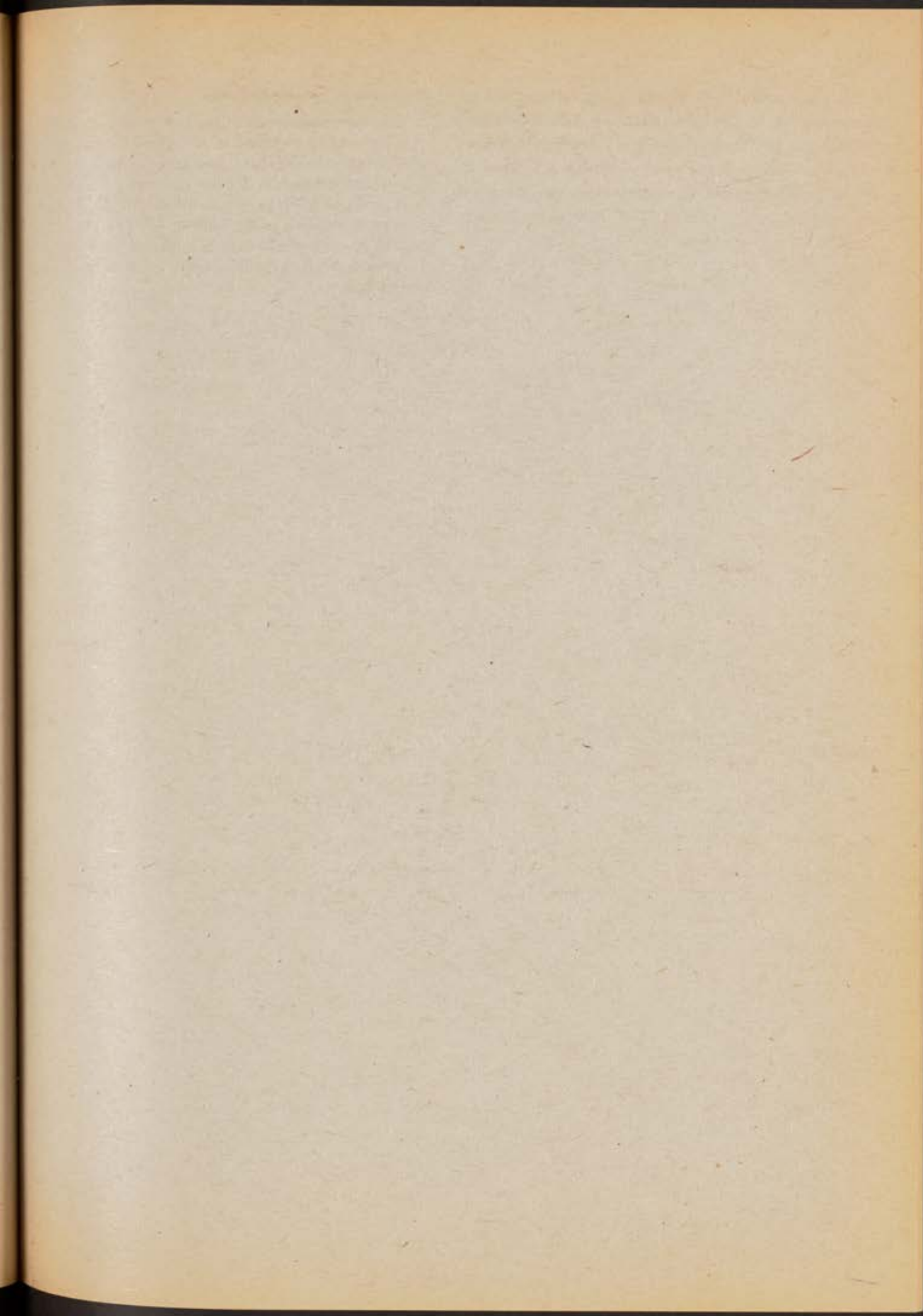
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	218,283
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	29,065
Cost incurred beyond the branch line	51,411

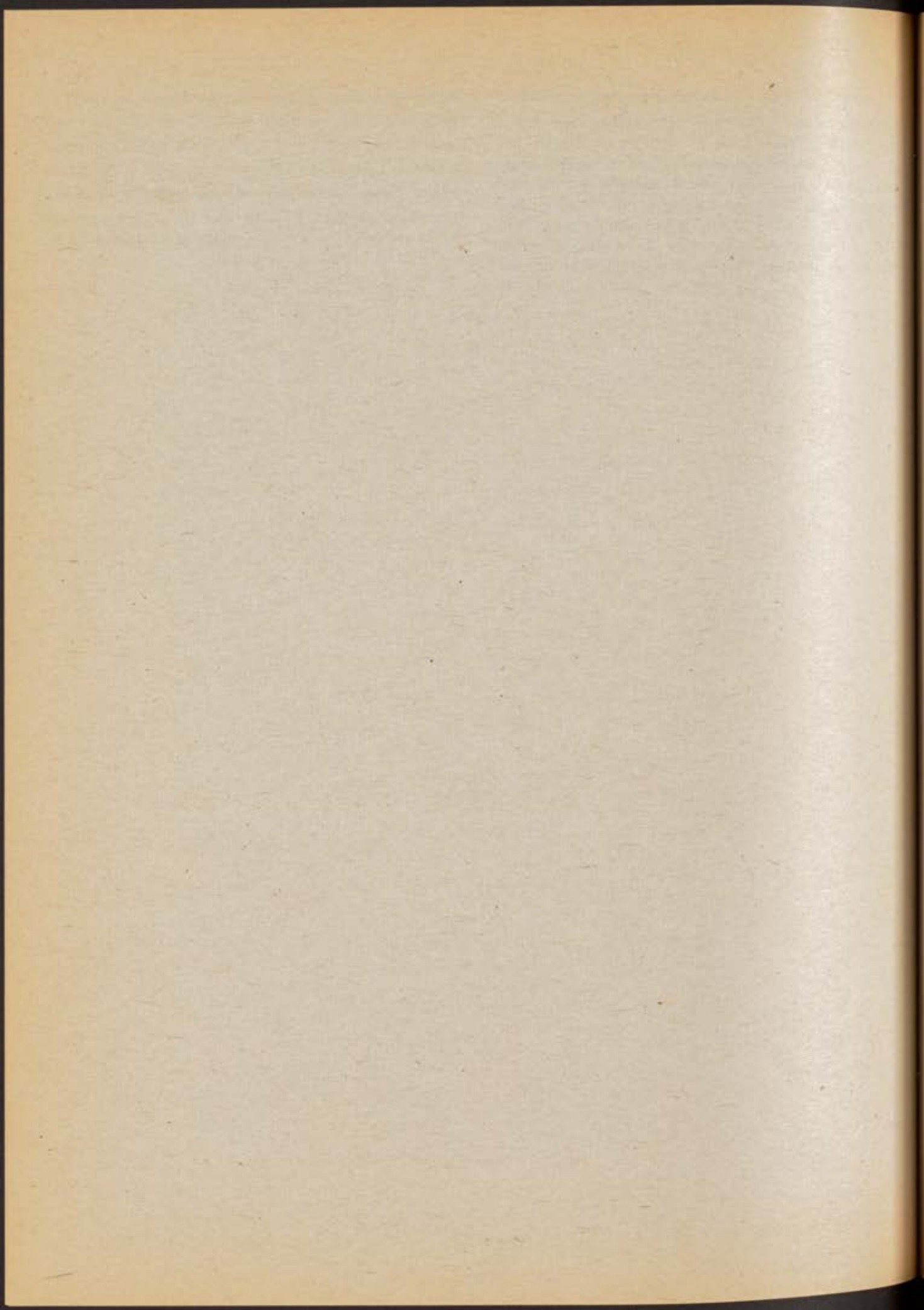
Total variable (avoidable) cost	298,759
Net contribution (loss): total	(207,828)
Average per carload	(916)

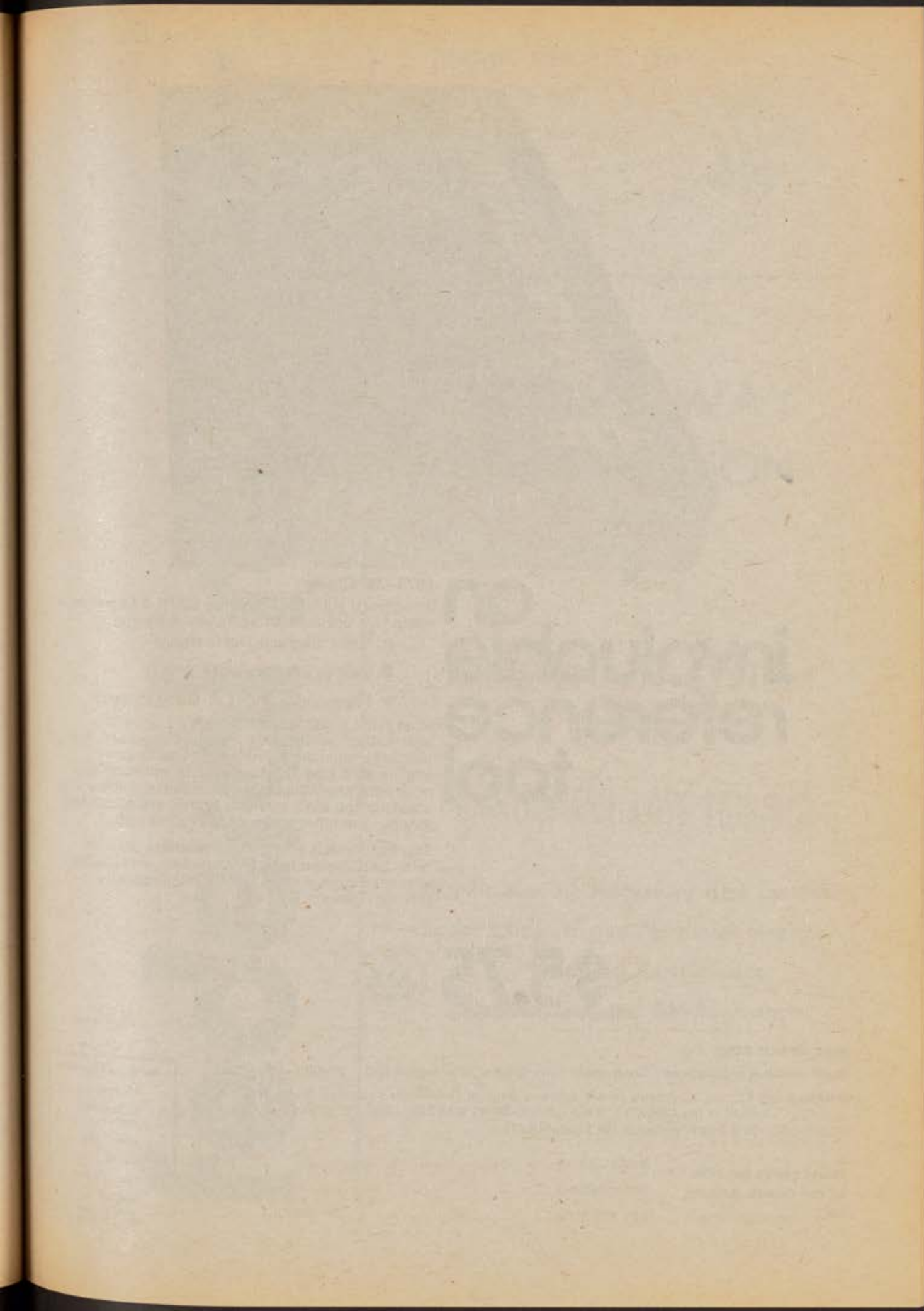
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,924 crossties (an average of 67 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Northern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$207,828 or \$916 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 225 percent rate increase over the 1973 levels.









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PART II

Volume 2—Section 2

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PRELIMINARY SYSTEM PLAN

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Identification of Necessary Rail Services
in the Midwest and Northeast Regions,
and Proposed Restructuring,
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NEW JERSEY

Intrastate
PC

USRA line number	Terminals
119	Monmouth Junction to Rocky Hill
121	Trenton to Lambertville
121a	Lambertville to Phillipsburg
121b	Phillipsburg to Martins Creek
121c	Martins Creek to Belvidere
123/124/124a	Farmingdale to Jamesburg
125/125a	Monmouth Junction to Jamesburg
126/126a	Hightstown to Jamesburg
127/128	Fort Dix to Shrewsbury
130	Mount Holly to Medford
131	Trenton to Bordentown
703	Princeton Junction to Princeton

CNJ

1100	Jersey Avenue Branch at Jersey City
1101	West Side Avenue Branch at Jersey City
1102	Newark Bay Bridge
1103	Somerville to Royce
1104	Matawan to Morganville
1105	Asbury Park to Bay Head Junction
1106	Toms River to Oyster Creek
1107	High Bridge to Lake Junction
1108	Lakehurst to Bridgeton Junction
1109	Hampton to Phillipsburg
1112	South of Three Bridges to Flemington

RDG

900	Lawrenceville to East Trenton
901	East Trenton to Trenton
902	West Trenton to Trenton

PRSL

1800	McKee City to Pleasantville
1801	Linwood to Pleasantville
1803	Vineland to Glassboro
1804	Bridgeton to Glassboro
1805	Glassboro to Woodbury
1806	Bellmawr to Glendora
1807	Haddonfield to Lucaston
1808	Ocean City to Palermo

Interstate

New Jersey to New York
PC

117	Greenville to Long Island City (float)
709	Little Ferry, N.J. to Kingston, N.Y.

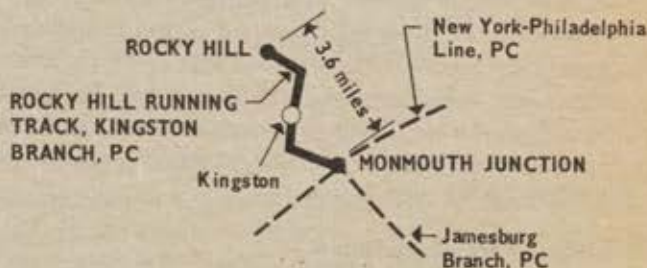
LHR

1701	Belvidere, N.J. to Warwick, N.Y.
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ROCKY HILL RUNNING TRACK, KINGSTON
BRANCH

USRA Line No. 119

Penn Central



The Rocky Hill Running Track-Kingston Branch, formerly part of the Pennsylvania RR, extends from *Monmouth Junction* (Milepost 2.7) to *Rocky Hill, N.J.* (Milepost 6.3), a distance of *3.6 miles*, in Middlesex and Somerset Counties, N.J. At Monmouth Junction, this line connects with the PC line running from New York to Philadelphia, and also the PC Jamesburg Branch which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Kingston	11
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Total carloads generated by the line	11
Average carloads per week	0.2
Average carloads per mile	3.1
Average carloads per train	0.5

1973 operating information:

Number of round trips per year	22
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,800
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Congressman E. J. Patten recommended that passenger service be restored at Monmouth Junction Station.

Information for Line Retention Decision

Revenue received by PC	\$3,375
Average revenue per carload	\$307
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	26,243
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	7,975
Cost incurred beyond the branch line	1,546
Total variable (avoidable) cost	35,764
Net contribution (loss): total	(32,389)
Average per carload	(2,944)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,685 cross-ties (an average of 468 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that the Rocky Hill Running Track, Kingston Branch, be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$32,389 or \$2,944 per carload. Recovery of costs would require approximately an 18-fold increase in traffic or a 960 percent rate increase over the 1973 levels.

of the Pennsylvania RR, extends from *Trenton* (Milepost 0.0) to *Lambertville, N.J.* (Milepost 15.4), a distance of 15.4 miles, in Mercer and Hunterdon Counties, New Jersey. This line continues, at Lambertville, north to Belvidere. At Trenton, this line connects with the PC line running from New York to Chicago, and the PC Bordertown Secondary Track. It also connects with the Black River & Western RR at Lambertville. The PC Bordertown Secondary Track, the northerly continuation of the Belvidere Delaware and Branch, are also under study in this Report. This line, except for a short portion near Trenton, was described as potentially excess in the U.S. DOT Report (see Zones 62 and 63).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that freight rail service is vital to industries and communities located on this line. The following reasons were cited for continuance of service: (1) the line's potential as a future link to a New York City bypass; (2) the effects discontinued rail service would have on local tax and property values; (3) the possible restoration of passenger service; (4) the increased transportation costs via other modes; and (5) the large numbers of carloads generated by firms located on this line. Testimony from Congressman Frank Thompson (N.J.) indicated that if passenger service between Lambertville and Trenton were instituted, traffic congestion on State Route 29 might be relieved.

Information for Line Retention Decision

This line does not directly serve any shippers. It is used to provide access to the shippers located on USRA segment No. 121a. The preliminary recommendation for segment 121a is that it *not* be included in the ConRail System. Therefore, Segment No. 121 would not be required.

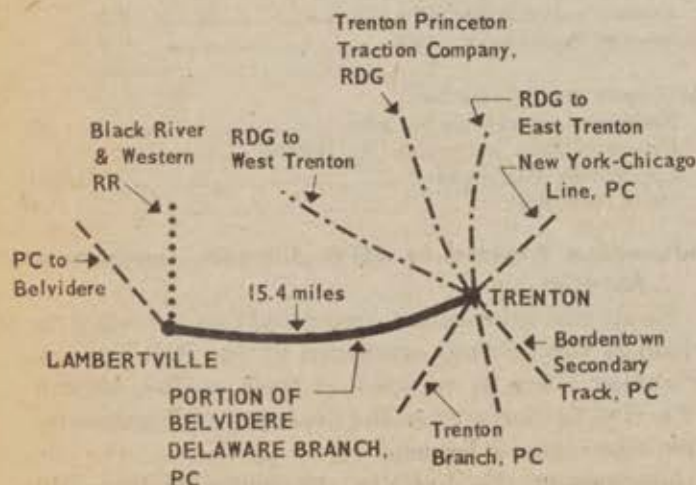
Preliminary Recommendation

It is *not* recommended that these portions of the Belvidere Delaware Secondary Track and the Belvidere Delaware Branch be included in the ConRail System.

PORTIONS OF BELVIDERE DELAWARE BRANCH AND WARREN SECONDARY TRACK

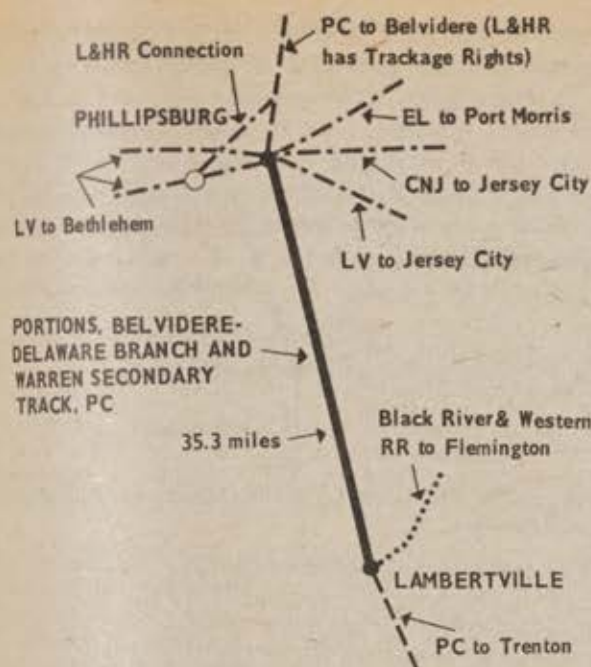
USRA Line No. 121a

Penn Central



The Belvidere Delaware Secondary Track and a portion of the Belvidere Delaware Branch, formerly part

This portion of the Belvidere Delaware Branch and Warren Secondary Track, formerly part of the Penn-



sylvania RR, extends from *Lambertville* (Milepost 15.4) to *Phillipsburg, N.J.* (Milepost 50.7), a distance of 35.3 miles, in Hunterdon and Warren Counties, New Jersey. At *Lambertville* the line continues south to *Trenton*, and at *Phillipsburg* north to *Belvidere*. At *Lambertville* it also connects with the *Black River & Western RR*. At *Phillipsburg* the line also connects with the *Lehigh Valley*. The continuations of this line north and south are also under study in this Report. This line, except for the portion from *Milford* to *Phillipsburg*, was described as potentially excess in the U.S. DOT Report (see Zones 62 and 69).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Phillipsburg ¹	16
Riegelsville	382
Holland	1,347
Milford	1,015
Frenchtown	58
Stockton	15
Lambertville	72

Total carloads generated by the line	2,905
Average carloads per week	55.9
Average carloads per mile	82.3
Average carloads per train	29.1
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	9
Locomotive horsepower	1,750
Train crew size	4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Northern Propane Gas Company in *Lambertville* was forced to use supply sources from a distance and received 20 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$922,345
Average revenue per carload	\$318

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	385,384
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	646,699
Total variable (avoidable) cost	1,032,083

Net contribution (loss): total	(\$109,738)
Average per carload	(38)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is not recommended that these portions of the *Belvidere Delaware Branch* and the *Warren Secondary Track* be included in the *ConRail* System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$109,738 or \$38 per carload. Recovery of costs would require approximately a 40 percent increase in traffic or a 12 percent rate increase over the 1973 levels.

PORTION OF WARREN SECONDARY TRACK

USRA Line No. 121b

Penn Central

This portion of the *Warren Secondary Track*, formerly part of the *Pennsylvania RR*, extends from *Phillipsburg* (Milepost 50.7) to *Martin's Creek, N.J.* (Milepost 57.6), a distance of 6.9 miles, in *Warren County, N.J.* At *Phillipsburg*, this line continues south to *Trenton*, and at *Martin's Creek* it continues to *Belvidere*. Also at *Phillipsburg*, this line connects with the *Lehigh Valley*. At *Martin's Creek, N.J.*, there is a spur to *Martin's Creek, Pa.* where the line connects with the *EL*. The *Lehigh & Hudson River Ry* operates over this *PC* line under a trackage rights agreement. The continuations of this line are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 69).



Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff identified five shippers now being served by this line.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Warren Secondary Track be included in the ConRail System.

PORTION OF WARREN SECONDARY TRACK

USRA Line No. 121c

Penn Central

This portion of the Warren Secondary Track, formerly part of the Pennsylvania RR, extends from *Martins Creek* (Milepost 57.6) to *Belvidere, N.J.* (Milepost 64.3), a distance of 6.7 miles, in Warren County, N.J. At Martins Creek, the line continues south to Trenton, also under study in this Report. At Belvidere, it connects with the Lehigh & Hudson River Ry., (the L&HR also has trackage rights to Phillipsburg), and this line is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see zone 69).



Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff identified three shippers now being served by this line.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

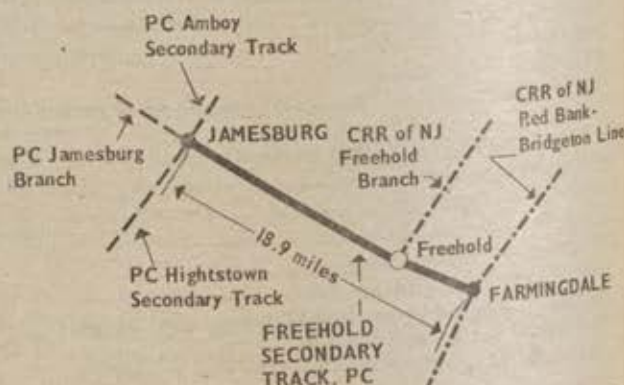
Recommendation

It is recommended that this portion of the Warren Secondary Track be included in the ConRail System.

FREEHOLD SECONDARY TRACK

USRA Line No. 123/124/124a

Penn Central



The Freehold Secondary Track, formerly part of the Pennsylvania RR, extends from *Farmingdale* (Milepost 8.3) to *Jamesburg, N.J.* (Milepost 27.2), a distance of 18.9 miles, in Middlesex and Monmouth Counties, New Jersey. At Jamesburg this line connects with the

Jamesburg Branch, the Amboy Secondary Track and Hightstown Secondary Track of the PC. It also connects with the Central Railroad of New Jersey Farmingdale. The Jamesburg Branch and the Hightstown Secondary Track of the PC are under study in this Report, as well as the Central Railroad of New Jersey line at Freehold. This line, except for the portion between Tennent and Freehold was described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Englishtown	141
Tennent	153
Freehold	1,728
Howell	8
Farmingdale	69

Total carloads generated by the line	2,099
Average carloads per week	40.4
Average carloads per mile	111.1
Average carloads per train	7.0

1973 operating information:

Number of round trips per year	300
Estimated time per round trip (hours)	5
Locomotive horsepower	1,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that freight service was vital to industries and communities located on the line. A number of comments directed attention towards the increased transportation costs should another mode, i.e., trucking, be needed. There were also a number of comments with respect to passenger service. In particular, the Institute for Public Transportation would like to see a portion of the line become part of a rail passenger line running to the Jersey Shore. There was also concern expressed by the Middlesex Planning Board regarding the Raritan River Drawbridge at Perth Amboy. Should it become inoperable again then the whole County would be without rail service. The Brockway Glass Company (shipped 117; received 701 in 1973) is wholly dependent on this line. According to the Monmouth County Transportation Coord. Comm., this 18 mile section generates and uses 2,986 cars per annum with an estimated increase of 4,000 per annum due to expected new industry.

Information for Line Retention Decision

Revenue received by PC	\$970,876
Average revenue per carload	\$463
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	345,594
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	44,726

Cost incurred beyond the branch line..... 614,826

Total variable (avoidable) cost..... 915,694

Net contribution (loss): total..... 55,182

Average per carload..... 26

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 8,900 crossties (an average of 471 crossties per mile).

Although the entire line generates a net contribution, that portion from Milepost 8.3 to Milepost 13.9, which serves the shippers at Howell and Farmingdale, generates a loss amounting to \$53,734 or \$698 per carload generated.

Recommendation

It is recommended that the portion of the Freehold Secondary Track between Milepost 13.9 and Milepost 27.2 be included in the ConRail System.

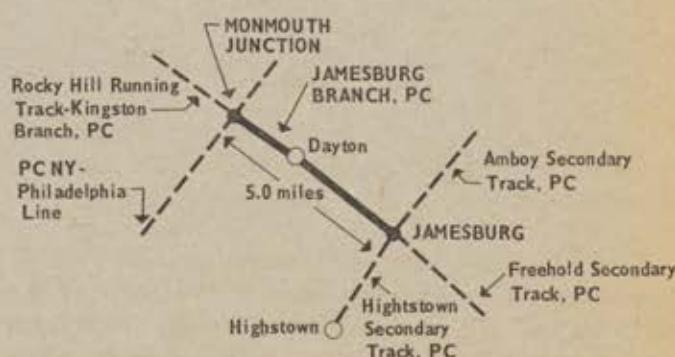
Preliminary Recommendation

It is *not* recommended that the portion of the Freehold Secondary Track between Milepost 8.3 and Milepost 13.9 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$53,734 or \$698 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 175 percent rate increase over the 1973 levels.

JAMESBURG BRANCH

USRA Line No. 125/125a

Penn Central



The Jamesburg Branch, formerly part of the Pennsylvania RR, extends from Monmouth Junction (Milepost 0.0) to Jamesburg, N.J. (Milepost 5.0), a distance

of 5 miles, in Middlesex County, N.J. At Monmouth Junction this line connects with the PC Line running from New York to Philadelphia and the PC Rocky Hill Running Track-Kingston Branch. It also connects with the Amboy Secondary Track, the Freehold Secondary Track and the Hightstown Secondary Track, all PC, at Jamesburg. The Rocky Hill Running Track-Kingston Branch, the Hightstown Secondary Track and the Freehold Secondary Track are also under study in this Report. This line except for the portion from Jamesburg to Dayton was described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Brunswick	135
Dayton	765

Total carloads generated by the line	900
Average carloads per week	17.3
Average carloads per mile	180.0
Average carloads per train	3.0
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip	2.5
Locomotive horsepower	1,800
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," noted that International Paper said truck rates would be higher as they include the 6% fuel surcharge.

Information for Line Retention Decision

Revenue received by PC	\$409,248
Average revenue per carload	\$455
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	91,894
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	6,993
Cost incurred beyond the branch line	239,525
Total variable (avoidable) cost	338,412
Net contribution (loss): total	70,836
Average per carload	79

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 cross-ties (an average of 400 cross-ties per mile).

Penn Central Industrial Development Dept. has informed USRA that a packaging plant is now under construction at S. Brunswick and will generate 200 carloads. Five other plants are also at various stages of planning or construction for a total of 700 carloads per year.

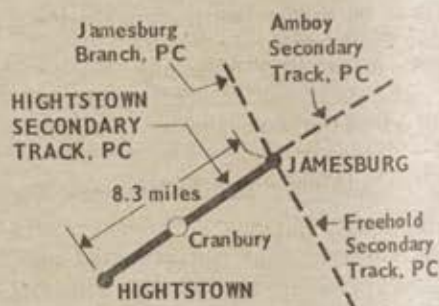
Recommendation

It is recommended that the Jamesburg Branch be included in the ConRail System.

HIGHTSTOWN SECONDARY TRACK

USRA Line No. 126/126a

Penn Central



The Hightstown Secondary Track, formerly part of the Pennsylvania RR, extends from Jamesburg (Milepost 13.4) to Hightstown, N.J. (Milepost 21.7), a distance of 8.3 miles, in Middlesex and Mercer Counties, N.J. At Jamesburg, this line connects with the Jamesburg Branch, the Amboy Secondary Track, and the Freehold Secondary Track. All of these connecting lines are part of the PC System. Additionally, the Jamesburg Branch and the Freehold Secondary Track are under study in this Report. This line was not described as potentially excess in the U.S. DOT Report except for the portion between the Middlesex County Line and Hightstown (see Zones 62 and 63).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Prospect Plains	106
Cranbury	2,204
Hightstown	335
Total carloads generated by the line	2,645
Average Carloads Per Week	50.9
Average Carloads Per Mile	318.7
Average Carloads Per Train	10.6
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,800
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there was strong disagreement with the conclusions reached in the DOT Report. Reference was made to the carloads generated on this line (1,950 in 1973) as well as the large number of carloads moving overhead on the line. There were also comments directing attention to the increased costs and problems associated with changing from rail to motor carrier service.

Information for Line Retention Decision

Revenue received by PC	\$1,026,605
Average revenue per carload	\$388
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	153,763
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	17,660
Cost incurred beyond the branch line	692,194
Total variable (avoidable) cost	863,617
Net contribution (loss): total	162,988
Average per carload	62

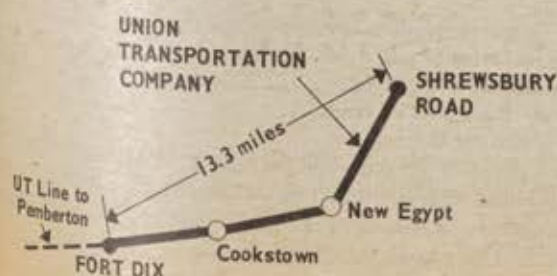
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,200 crossties (an average of 386 crossties per mile).

Recommendation

It is recommended that the Hightstown Secondary Track be included in the ConRail System.

PORTION OF UNION TRANSPORTATION COMPANY

USRA Line No. 127/128



The portion of the Union Transportation Company, extends from *Fort Dix* (Milepost 5.6), to *Shrewsbury, N.J.* (Milepost 18.9), a distance of 13.3 miles, in Monmouth and Burlington Counties, New Jersey. At Fort Dix this line continues to Pemberton. In January 1972, an application was filed with the ICC for permission to abandon this line (Finance Docket No. AB-38). No final action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zones 62 and 66).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is leased from the PC and operated by the Union Transportation Company. Therefore, it has not been subjected to detailed analysis. Current operations can be continued by Union Transportation Company.

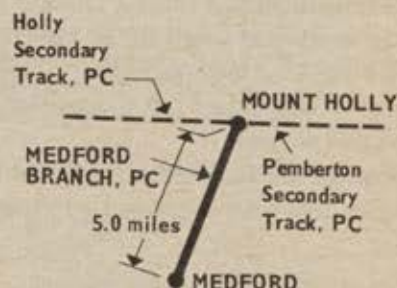
Preliminary Recommendation

It is *not* recommended that this line be included in the ConRail System.

MEDFORD BRANCH

USRA Line No. 130

Penn Central



The Medford Branch, formerly part of the Pennsylvania RR, extends from *Mount Holly* (Milepost 1.3), to *Medford, N.J.* (Milepost 6.3), a distance of 5.0 miles, in Burlington County, New Jersey. At Mount Holly, the line connects with the PC Holly Secondary Track and the PC Pemberton Secondary Track. This line was described as potentially excess in the U.S. DOT Report of February 1, 1974 (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Medford	130
Total carloads generated by the line	130
Average carloads per week	2.5
Average carloads per mile	26.0
Average carloads per train	0.9
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	2
Locomotive horsepower	2250
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" centered on the potential impact of the loss of rail service on area employment, business activity and local tax revenues.

Information for Line Retention Decision

Revenue received by PC	\$52,848
Average revenue per carload	\$407
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	54,515
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	13,766
Cost incurred beyond the branch line	42,413
Total variable (avoidable) cost	110,694
Net contribution: Total	(57,846)
Average per carload	(445)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,600 cross-ties (an average of 520 cross-ties per mile).

Data supplied at the RSPO hearings indicated that the traffic on this line may increase to 450 carloads annually.

Preliminary Recommendation

Although the preliminary recommendation is that the Medford Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess fi-

nancial burden amounting to \$57,846 or \$445 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 110 per cent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone, will not make the line viable.

PORTION OF BORDENTOWN SECONDARY TRACK

USRA Line No. 131



This portion of the Bordentown Secondary Track, formerly part of the Pennsylvania RR, extends from Trenton (Milepost 0.0) to Bordentown, N.J. (Milepost 6.0), a distance of 6.0 miles, in Burlington and Mercer Counties, New Jersey. At Trenton this line connects with the PC line from New York to Philadelphia and the PC Belvidere Delaware Branch. At Bordentown, the line continues southwestward. The PC Belvidere Delaware Branch is also under study in this Report. This line, except for the portion between Bordentown and the Mercer County Line, was described as potentially excess in the U.S. DOT Report (see Zones 63 and 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Trenton ¹	1,155
Total carloads generated by the line	1,155
Average carloads per week	22.2
Average carloads per mile	288.0
Average carloads per train	3.9
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	8
Locomotive horsepower	1,800
Train crew size	3

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$581,307
Average revenue per carload	\$503
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	186,766
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	15,497
Cost incurred beyond the branch line	324,012
Total variable (avoidable) cost	526,275
Net contribution (loss): total	55,032
Average per carload	47

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,600 crossties (an average of 600 crossties per mile).

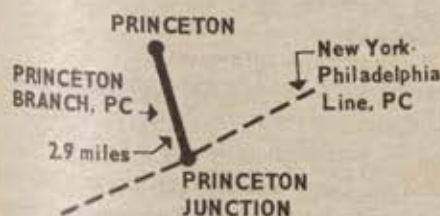
Recommendation

It is recommended that the portion of the Borden-town Secondary Track be included in the ConRail System.

PRINCETON BRANCH

USRA Line No. 703

Penn Central



The Princeton Branch, formerly part of the Pennsylvania RR, extends from *Princeton Junction* (Milepost 0.0) to *Princeton, N.J.* (Milepost 2.9), a distance of 2.9 miles, in Mercer County, New Jersey. At Princeton Junction the line connects with the PC line between

New York and Philadelphia. This line was described as potentially excess in the U.S. DOT Report (see Zone 63).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Princeton ¹	15
Total carloads generated by the line	15
Average carloads per week	0.3
Average carloads per mile	5.1
Average carloads per train	0.5
1973 operating information:	
Number of round trips per year	30
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,800
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line is a vital rail passenger link for New York, Newark, and Philadelphia commuters. There are an estimated 1,000 commuters on this line each day. A letter from the East Windsor Township of Mercer County states that this spur is of vital concern to Mercer County. USRA staff has discussed with the state of New Jersey the possibility of having the state designate property which it believes should be purchased or leased by the state for passenger services as part of the Final Plan. A state inventory of rail passenger facility requirements is being made.

Information for Line Retention Decision

Revenue received by PC	\$1,348
Average revenue per carload	\$90
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	17,364
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,610
Total variable (avoidable) cost	10,974
Net contribution (loss): total	(9,626)
Average per carload	(642)

¹ Excludes maintenance and ownership costs due to the predominant existence of passenger service.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

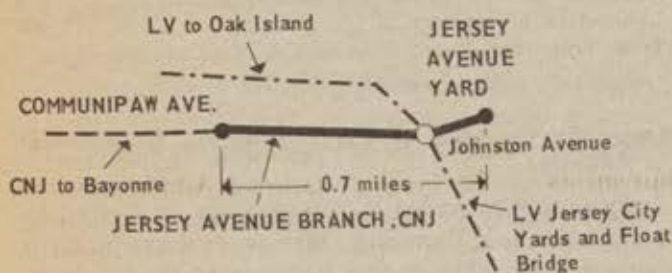
It is not recommended that freight service be provided on the Princeton branch by the ConRail System.

Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$9,626 or \$642 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

JERSEY AVENUE BRANCH

USRA Line No. 1100

Central Railroad of New Jersey



The Jersey Avenue Branch, extends from *Communipaw to Jersey Avenue, N.J.*, 0.7 mile, in Hudson County, N.J. This line connects at Communipaw Avenue with the CNJ line to Bayonne. It connects at Johnston Avenue with the LV lines to Oak Island and to the Jersey City yards and float bridge. This line was not described as potentially excess in the U.S. DOT Report (see Zone 60).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

The traffic generated on this line is billed as Jersey City. At this time, specific traffic information cannot be identified and no recommendation can be forwarded.

WEST SIDE BRANCH

USRA Line No. 1101

Central RR of New Jersey



The CNJ *West Side Branch* (and extension) runs from Communipaw to West Side Avenue in Jersey City, a distance of 2.1 miles in Hudson County, New Jersey. At Communipaw, this line connects with the Central Railroad of New Jersey line running from the Jersey City Terminal to Bayonne and beyond. At Communipaw, this line does not connect but it crosses a branch of the Jersey City-Buffalo line of the Lehigh Valley. This line was not described as potentially excess in the U.S. DOT Report (see Zone 60).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office.

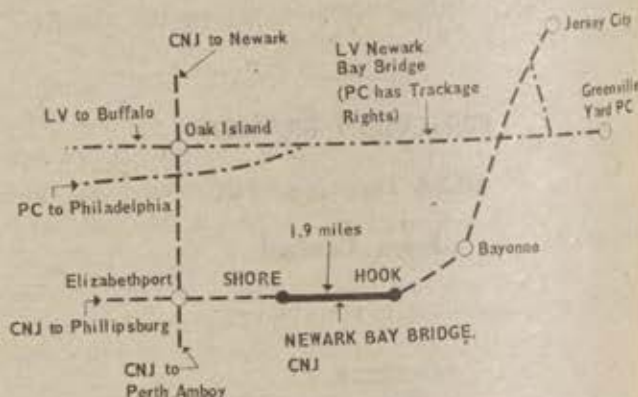
Information for Line Retention Decision

Study of this line was requested by CNJ. Data for this line is merged with all Jersey City data, and therefore study must be postponed until data for this line can be segregated and analyzed. Detailed analysis will be completed as the data becomes available.

NEWARK BAY BRIDGE

USRA Line No. 1102

Central Railroad of New Jersey



The Newark Bay Bridge extends from *Hook (Bayonne)* (Milepost 7.0) to *Shore (Elizabethport)*, N.J. (Milepost 8.9), a distance of 1.9 miles, in Hudson and Union Counties, New Jersey. At Hook and Shore the line continues as the Central Railroad of New Jersey line. This line was described as potentially excess in the U.S. DOT Report (see Zone 60).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that shippers were concerned only that they somehow not lose freight service in the Bayonne area.

Information for Line Retention Decision

Bayonne shippers will continue to be served by ConRail via the existing Lehigh Valley bridge which is located 3 miles to the North of the CNJ bridge. Subsequent dismantling of the CNJ bridge will remove a serious navigational hazard for ocean shipping moving between Newark Bay and New York Harbor. Elimination of the bridge will, however, sever a lightly patronized suburban service.

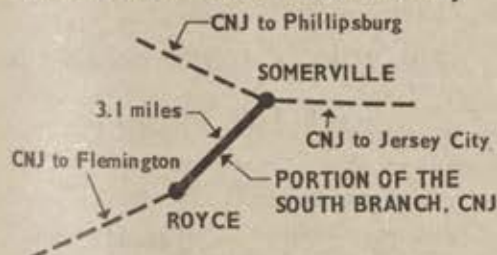
Preliminary Recommendation

It is *not* recommended that the Newark Bay Draw-bridge be included in the ConRail System.

PORTION OF THE SOUTH BRANCH

USRA Line No. 1103

Central Railroad of New Jersey



This portion of the South Branch extends from *Somerville* (Milepost 0.0) to *Royce, N.J.* (Milepost 3.1), a distance of 3.1 miles, in Somerset County, New Jersey. A continuation of this line extends westward from Royce, which sector is also under study in this Report. At Somerville, this line connects with the Central RR of New Jersey's Jersey City-to-Phillipsburg Line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Royce	101
Total carloads generated by the line	101
Average carloads per week	1.9
Average carloads per mile	32.6
Average carloads per train	1.9
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by CNJ	\$11,721
Average revenue per carload	\$116
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	32,351
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,262
Cost incurred beyond the branch line	7,238
Total variable (avoidable) cost	43,851
Net contribution (loss): total	(32,130)
Average per carload	(318)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 720 crossties (an average of 232 crossties per mile).

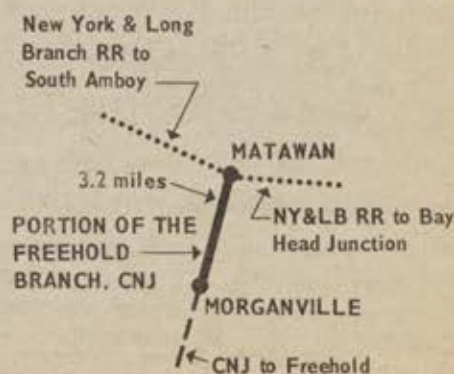
Preliminary Recommendation

It is *not* recommended that this portion of the South Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$32,130 or \$318 per carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 275 percent rate increase over the 1973 levels.

PORTION OF THE FREEHOLD BRANCH

USRA Line No. 1104

Central RR of New Jersey



This portion of the Freehold Branch, extends from *Morganville* (Milepost 8.9), to *Matawan, N.J.* (Mile-

post 12.1), a distance of 3.2 miles, in Monmouth County, New Jersey. At Matawan, this line connects with the New York & Long Branch RR. This line was not described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line	
Freehold	12
Morganville	67
Bradevelt	1
Marlboro	2
Total carloads generated by the line	
	82
Average carloads per week	1.6
Average carloads per mile	25.6
Average carloads per train	1.6
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Brockway Glass Co., Reed, Perrine, Inc., and the Rex Lumber Co. all believed it would be wiser, from a cost standpoint, to upgrade the Penn Central track between Freehold and Jamesburg rather than rebuild the closed CNJ line between Freehold and Matawan. Richard J. Button, representing the Brockway Glass Co., after making a personal inspection, felt that the entire 12 miles of track between Matawan and Freehold would have to be rebuilt before it could meet Federal Railroad Administration safety standards. The connection between the Penn Central and the CNJ at Freehold would also have to be rebuilt. Furthermore, it would be necessary to make extensive repairs to a local railroad bridge located on the Matawan spur. R. D. Timpany, CNJ Trustee, estimates rehabilitation costs to be \$200,000. It is their combined belief that if the Penn Central line between Freehold and Jamesburg were retained and brought up to track safety standards, rail tonnage would increase.

Information for Line Retention Decision

Revenue received by CNJ	\$13,593
Average revenue per carload	\$166
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	30,112
Cost of upgrading branch line to ERA class I: (1/10 of total upgrading cost)	7,687

Cost incurred beyond the branch line	5,461
Total variable (avoidable) cost	43,260
Net contribution (loss) - total	(29,667)
Average per carload	(362)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 780 cross-ties (an average of 244 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Freehold Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$29,667 or \$362 per carload. Recovery of costs would require approximately a 360 percent increase in traffic or a 220 percent rate increase over the 1973 levels.

NEW YORK & LONG BRANCH RR

USRA Line No. 1105



This portion of the New York & Long Branch RR extends from Asbury Park (Milepost 28.1) to Bay Head Junction, N.J. (Milepost 38.0), a distance of 9.9 miles, in Monmouth and Ocean Counties, N.J. At Asbury Park, this line continues to South Amboy. This line, except for a 0.9 mile portion from Bradley Beach (Milepost 29.0) to Asbury Park, was described as potentially excess in the U.S. DOT Report (see Zone 62) of February 1, 1974.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Belmar	8
Spring Lake	19
Point Pleasant	26
Total carloads generated by the line	
	28

Average carloads per week	5.4
Average carloads per mile	28.5
Average carloads per train	2.7
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the line does not generate a large volume of freight, but it is considered to be a vitally important commuter route. In 1973, New Jersey spent \$390,000 on repairs to the line, and in 1974, the state expects to spend an additional \$560,000. R. D. Timpany, Trustee, Central Railroad of New Jersey, stated that the New Jersey DOT had allocated approximately \$2.6 million for the restoration of the line during the period 1971 to 1974.

Richard B. Wachenfield, of the New York & Long Branch, noted that 27,000 passengers ride over the line daily. According to Mr. Wachenfield, a study has been completed which involves a proposal to terminate service on this line at Sea Girt instead of Bay Head Junction. The study estimated that it will cost approximately \$500,000 to repair the Manasquan Bridge or \$5 million to build a new one. Questions have been raised as to whether this investment would be justified because of the small number of passengers that use the line south of Sea Girt.

Information for Line Retention Decision

Revenue received by CNJ	\$77,893
Average revenue per carload	\$276
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line (excludes maintenance)	74,930
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	29,076
Total variable (avoidable) cost	104,006
Net contribution (loss): total	(26,113)
Average per carload	(93)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

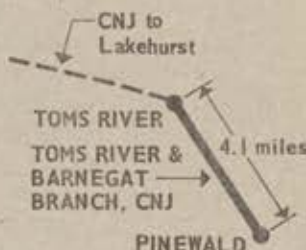
It is not recommended that freight service be provided over this portion of the New York & Long Branch RR by the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this

line generates an annual excess financial burden amounting to \$26,113 or \$93 per carload. Recovery of costs would require approximately a 153 percent increase in traffic or a 34 percent rate increase over the 1973 levels.

PORTION OF TOMS RIVER BARNEGAT BRANCH

USRA Line No. 1106

Central Railroad of New Jersey



This portion of the Toms River & Barnegat Branch extends from *Toms River* (Milepost 7.4) to *Oyster Creek, N.J.* (Milepost 11.5), a distance of 4.1 miles, in Ocean County, N.J. At Toms River, this line continues to Lakehurst. This line except for a short portion just southeast of Toms River was described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Pinewald	52
Waretown	4
Total carloads generated by the line	
	56
Average carloads per week	1.1
Average carloads per mile	6.5
Average carloads per train	1.1
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the portion of the line between Pinewald and Oyster Creek is presently operated by the CNJ under contract with the Jersey Central Power & Light Co.

Information for Line Retention Decision

Revenue received by CNJ	\$9,221
Average revenue per carload	\$165
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	87,945
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0

Cost incurred beyond the branch line..... 5,489

Total variable (avoidable) cost..... 93,434

Net contribution (loss): total..... (84,213)

Average per carload..... (1,504)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safety operating speed of 10 m.p.h.). Jersey Central Power & Light Co. stated that in the next five years, it expects 4,000 inbound carloads at its Oyster Creek plant. In addition, the plant is expected to generate 15 outbound carloads per year.

Further testimony by the New Jersey City Transportation Council indicated that plans have been formulated for the construction of a nuclear generating power station at Forked River. Reportedly 800 carloads per year will be used over this line until 1979. Construction employment will be approximately 3,000.

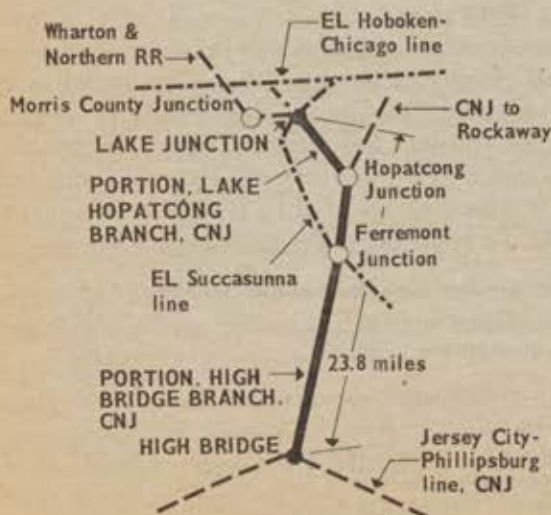
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Toms River & Barnegat Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$84,213 or \$1,504 per carload. Recovery of costs would require approximately a twenty-three-fold increase in traffic or a 900 percent rate increase over the 1973 levels.

PORTIONS OF HIGH BRIDGE BRANCH

USRA Line No. 1107

Central Railroad of New Jersey



These portions of the High Bridge and the Lake Hopatcong Branch, extend from *High Bridge* (Milepost 0.0), to *Lake Junction, N.J.* (Milepost 23.9), a distance of 23.9 miles, in Hunterdon and Morris Counties, N.J. At High Bridge, this line connects with the Central Railroad of New Jersey line running from Phillipsburg to Elizabethport. It connects with the Erie Lackawanna line running from Hoboken to Chicago, the Lake Hopatcong Branch of the CNJ, and the Wharton & Northern Railroad at Lake Junction. The Lake Hopatcong Branch of the CNJ continues north at Lake Junction to Morris County Junction. The High Bridge Branch of the CNJ continues north at Hopatcong Junction to Rockaway. This line except for a short distance north of Hopatcong Junction was described as potentially excess in the U.S. DOT Report (see Zones 60 and 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

High Bridge.....	28
Callfon.....	9
Long Valley.....	1
Flanders.....	72
Kenvil.....	67

Total carloads generated by the line.....	177
Average carloads per week.....	3.4
Average carloads per mile.....	7.4
Average carloads per train.....	3.4
1973 operating information:	
Number of round trips per year.....	32
Estimated time per round trip (hours).....	5.0
Locomotive horsepower.....	4,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that this line is used as a through route carrying glass sand from Southern New Jersey and is an important interchange between the Erie-Lackawanna and the CNJ Phillipsburg to New York line. Sears Roebuck announced plans to begin construction in 1974 of a major distribution center at Bartley (mp 16). The firm projects it will generate between 3,750 and 4,250 carloads per year. RSPO indicates this same area is under development by the Mt. Olive Industrial Development Commission.

Information for Line Retention Decision

Revenue received by CNJ.....	\$33,586
Average revenue per carload.....	\$190
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	190,984

Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost).....	21,818
Cost incurred beyond the branch line.....	11,923
Total variable (avoidable) cost.....	224,725
Net contribution (loss) : total.....	(191,139)
Average per carload.....	(1,080)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I Track, which has a maximum operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,500 cross-ties (an average of 63 cross-ties per mile).

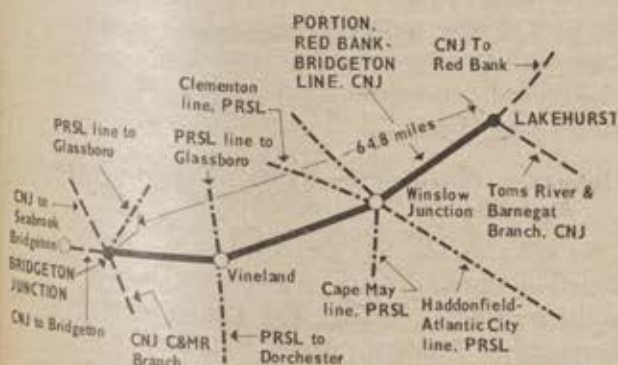
Preliminary Recommendation

Although the preliminary recommendation is that these portions of the High Bridge Branch and the Lake Hopatcong Branch not be included in the ConRail System, the possibility of immediately increasing revenue at Bartley must be explored before a final recommendation can be made. Further, the final industry structure plan (see Chapter 3) may require continuance of this route for through traffic (EL overhead to the present CNJ). Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$191,139 or \$1,080 per carload. Recovery of costs would require approximately a nine-fold increase in traffic or a 570 percent rate increase over the 1973 levels.

PORTION OF SOUTHERN MAIN LINE

USRA Line No. 1108

Central Railroad of New Jersey



This portion of the Southern Division extends from Lakehurst (Milepost 66.0) to Bridgeton Junction, N.J. (Milepost 130.8), a distance of 64.8 miles, in Ocean

Burlington, Camden, Gloucester, Atlantic, and Cumberland Counties, New Jersey. This line continues north from Lakehurst to Red Bank and south from Bridgeton Junction to Bridgeton. At Lakehurst it connects also with the Toms River & Barnegat Branch of the CNJ. At Bridgeton Junction it also intersects the PRSL Bridgeton Branch to Glassboro, the CNJ Deerfield Branch to Seabrook and the CNJ C. & M.R. Branch to Mauricetown. Vineland (Milepost 120.1) is also served by PRSL lines to Glassboro and Dorchester. The PRSL lines to Glassboro from Bridgeton Junction and Vineland are also under study in this report. At Winslow Junction (Milepost 104.2), the line intersects PRSL lines to Haddonfield, Camden (via Clementon), Atlantic City and Cape May. This line was described as potentially excess in the U.S. DOT Report (see Zones 62, 64, 65, 66, and 84).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lakehurst	81
Chatsworth	3,684
Winslow	397
Cedar Lake	185
Landisville	295
Vineland	2,226
Norma	116
Rosenhayn	32

Total carloads generated by the line..... 7,016

Average carloads per week..... 134.9

Average carloads per mile..... 108.3

Average carloads per train..... 20.0

1973 operating information:

Number of round trips per year..... 350

Estimated time per round trip (hours)..... 8.0

Locomotive horsepower..... 2,500

Train crew size..... 4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report," indicates that line carries large quantities of sand. A feeder line originated more than 15,000 carloads of sand in '73, 43% of which continued over Bridgeton to Lakehurst line. RSPO report said forecasts indicate that traffic south of Bridgeton will increase to 19,000 carloads in 1974 and 21,000 in 1975. Howard T. Rosen, counsel for CNJ Lifeline Committee said 35,000 carloads of sand are now generated on line, 15,000 of which originate on feeder line at Newport. He says 50,000 carloads could be generated if tracks were repaired and rail efficiency improved. RSPO report said in 1973, 5,400 carloads of sand were moved on line from Winslow Junction (Zone 66) to NYC. According to Monmouth County,

N.J. Transportation Coordinating Committee, this is the only north-south rail line in eastern and southern part of the State. "Withdrawal of service would leave many firms stranded." Mr. Rosen said area roads could not handle the 500 trucks per day that would be needed to handle the traffic if rail service was discontinued. Public Service Electric and Gas Company said line was needed for southbound movement of traprock to its offshore generating plant. Owens Illinois said there is no physical connection between Pa.-Reading Seashore line serving Vineland and CNJ as indicated in DOT map of Zone 65. Betz Laboratories in Chatsworth said if it lost rail service and no alternative service were provided, it would shut down. Reade Mfg. Co. in Lakehurst ships magnesium powder that U.S. Dept. of Defense uses for ammunition. Table 50 in RSPO report says Hollander Sand Co. projects an increase to 10,000-12,000 carloads over the 4,000 carloads it shipped since it began operations in the last 6 months of 1973. Scott Paper Co. projects an increase to 1,900 carloads, up from its 950 carloads in 1973. Alan Sagner of NJDOT said USDOT was not attributing enough carloads to Chatsworth and Whittings. NJDOT figures indicated 4,500 carloads from these stations in 1973.

Information for Line Retention Decision

Revenue received by CNV.....	\$1,052,533
Average revenue per carload.....	\$150
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	519,752
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	74,816
Cost incurred beyond the branch line.....	508,212
Total variable (avoidable) cost.....	1,102,780
Net contribution (loss): total.....	(50,247)
Average per carload.....	(7)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,400 crossties (an average of 99 crossties per mile).

Although service to this line generates a loss, a 9 percent increase in traffic or a 5 percent increase above the 1973 levels would enable financial self-sufficiency. No reasonable routing alternative exists.

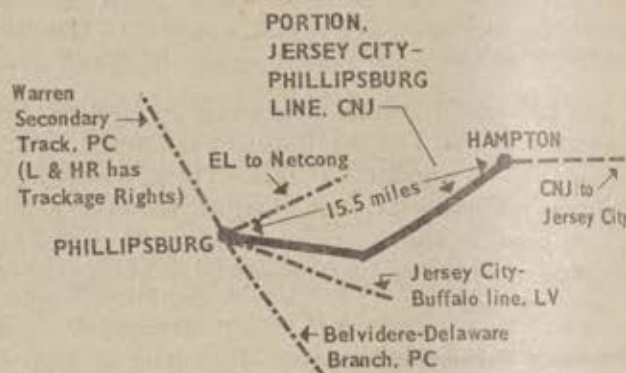
Recommendation

It is recommended that this portion of the Southern Line be included in the ConRail System.

PORTION OF THE PHILLIPSBURG LINE

USRA Line No. 1109

Central R.R. of New Jersey



This portion of the Jersey City-Phillipsburg Line extends from Hampton (Milepost 56.6), to Phillipsburg, N.J. (Milepost 72.1), a distance of 15.5 miles, in Hunterdon and Warren Counties, New Jersey. At Hampton, the line continues east to Elizabethport. At Phillipsburg, the line connects with the Lehigh Valley RR Line between Jersey City and Buffalo. Limited suburban passenger service was recently inaugurated on this portion of the line. This line was not described as potentially excess in the U.S. DOT Report (see Zones 62 and 69).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hampton	38
Ludlow	150
Bloomsbury	41
Phillipsburg	194

Total carloads generated by the line.....	423
Average carloads per week.....	8.1
Average carloads per mile.....	27.3
Average carloads per train.....	4.1

1973 Operating Information:

Number of round trips per year.....	104
Estimated time per round trip (hours).....	6.0
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by CNJ.....	\$69,065
Average revenue per carload.....	\$183

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	77,822
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	27,912
Total variable (avoidable) cost.....	105,734

Net contribution (loss): total.....	(36,669)
Average per carload.....	(87)

*Excludes maintenance due to the use of the line for passenger service.

USRA staff has requested that the State of N.J. prepare a detailed inventory of their rail passenger facility needs. The State may wish to designate certain property which it believes should be purchased or leased by the State for passenger services as part of the Final Plan.

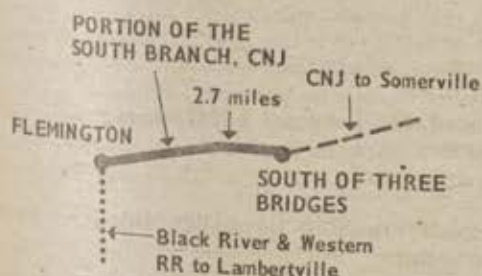
Preliminary Recommendation

It is *not* recommended that freight service provided over this portion of the Jersey City to Phillipsburg line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$36,669 or \$87 per carload. Recovery of costs would require approximately a 90 percent increase in traffic or a 50 percent rate increase over the 1973 levels. The ultimate disposition of this smaller bankrupt carrier (see Chapter 3) may improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile, however, indicate that the line would not likely be viable under this circumstance.

PORTION OF SOUTH BRANCH

USRA Line No. 1112

Central Railroad of New Jersey



This portion of the South Branch, extends from South of Three Bridges (Milepost 13.0) to Flemington, N.J. (Milepost 15.7), a distance of 2.7 miles, in Hunterdon County, N.J. A continuation of this line ex-

tends eastward, from South of Three Bridges, to Somerville, which sector is also under study in this Report. At Flemington, this line connects with the Black River & Western RR to Lambertville. This line was not described as potentially excess in the U.S. DOT Report (see Zone 62).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Flemington.....	659
Total carloads generated by the line.....	659
Average carloads per week.....	12.7
Average carloads per mile.....	244.1
Average carloads per train.....	4.2
1973 operating information:	
Number of round trips per year.....	156
Estimated time per round trip (hours).....	4.0
Locomotive horsepower.....	1,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Grant Arnold, General Manager of Ethyl Corporation indicates that if all the lines shown as potentially excess in the DOT Report are abandoned then Flemington will be without rail service. The community handles 1,718 carloads annually.

Information for Line Retention Decision

Revenue received by CNJ.....	\$186,414
Average revenue per carload.....	\$283

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	58,788
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	76,589

Total variable (avoidable) cost.....	135,377
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Net contribution (loss): total.....	51,037
Average per carload.....	77

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). This line requires a connection with the Lehigh Valley near Three Bridges in order to continue in operation.

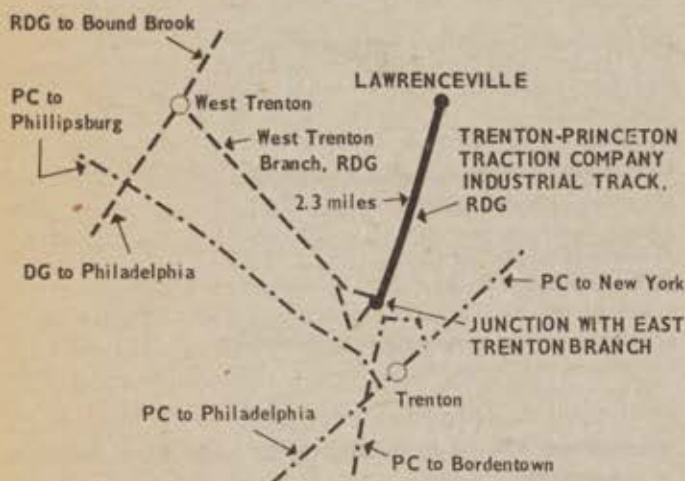
Recommendation

It is recommended that this portion of the South Branch be included in the ConRail System.

TRENTON-PRINCETON TRACTION COMPANY INDUSTRIAL TRACK

USRA Line No. 900

Reading



The Trenton-Princeton Traction Co. Industrial Track, extends from the *East Trenton Branch* (Milepost 1.1) to *Lawrenceville, N.J.* (Milepost 3.4), a distance of *2.3 miles*, in Mercer County, N.J. At Trenton this line connects with PC industrial tracks and the Reading lines to East Trenton and West Trenton. All of these Reading lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 63).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line serves ten firms which generated 1,070 carloads in 1973. It also stated that loss of the line would cause unemployment for 234 people. Certified Steel Co. said it expects to generate 325 to 400 carloads in the near future. Mr. Thomas N. Loser of Wycough & Loser said he did not think his company could remain at its present location if rail service was discontinued. Other arguments against abandonment cited possible unemployment, "inability of area roads to handle additional truck traffic," and needed rail service for the \$10 million Ewing Industrial Park.

Additionally, USRA received information from the Reading Company that the Ewing Industrial Park is an expanding facility and that future rentals in the Park would be very difficult if rail service was discontinued. One firm recently spent \$30,000 to build a siding after receiving a railroad guarantee that service would continue.

Information for Line Retention Decision

The specific characteristics of the traffic generated on this line cannot be identified. However, the volume is substantial.

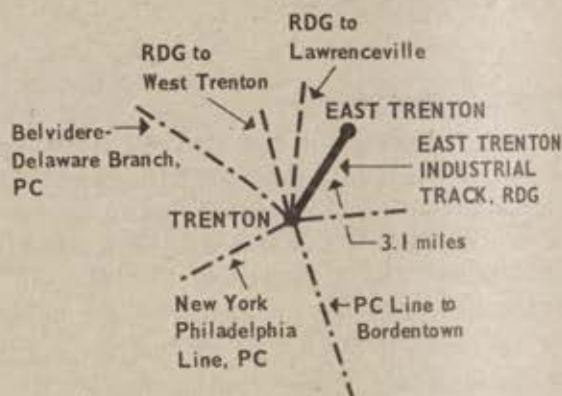
Recommendation

It is recommended that the Trenton-Princeton Traction Co. Industrial Track be included in the ConRail System.

EAST TRENTON INDUSTRIAL TRACK

USRA Line No. 901

Reading



The East Trenton Industrial Track extends from *East Trenton* (Milepost 35.6) to *Trenton, N.J.* (Milepost 38.7), a distance of *3.1 miles*, in Mercer County, N.J. At Trenton, this line connects with the Reading line to West Trenton. This line is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 63).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Ajax Park	2
Trenton	3,018
Total carloads generated by the line	3,020
Average carloads per week	58.1
Average carloads per mile	974.2
Average carloads per train	9.7
1973 operating information:	
Number of round trips per year	312
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that witnesses urged three firms, employing 574 people, gen-

erated 785 carloads in 1973. The Gas Construction Co., Inc., received 1,108 tons of freight in 1972, and 1,443 tons of freight in 1973. Mayor Arthur J. Hollared of Trenton said 17 Trenton firms would be hurt by the loss of rail service. Seven of these firms said they would have to stop operating at their present locations. "Abandonment would cause the potential unemployment of 1,800 persons and an estimated tax revenue loss of \$300,000."

Information for Line Retention Decision

Revenue received by RDG.....	\$462,887
Average revenue per carload.....	\$153
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	121,732
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	304,770
Total variable (avoidable) cost.....	426,502
Net contribution (loss): total.....	36,385
Average per carload.....	12

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

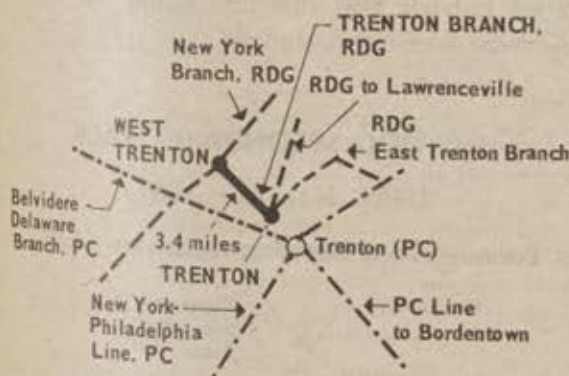
Recommendation

It is recommended that the East Trenton Industrial Track be included in the ConRail System.

TRENTON BRANCH

USRA Line No. 902

Reading Railroad



The Trenton Branch extends from West Trenton (Milepost 32.8) to Trenton (Milepost 36.2) a distance of 3.4 miles, in Mercer County, New Jersey. At Trenton, this line connects with the Reading line to East Trenton. This line is also under study in this Report. At West Trenton, the Trenton Branch connects with the

Reading's New York Branch. This line was not described as potentially excess in the U.S. DOT Report (see Zone 63).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

West Trenton.....	2,445
Total carloads generated by the line.....	2,445
Average carloads per week.....	47.0
Average carloads per mile.....	719.1
Average carloads per train.....	7.8
1973 operating information:	
Number of round trips per year.....	312
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that only two firms offered traffic information: the Homsote Co. generated 737 carloads in 1973, and the H. M. Royal Corp. generated 350-400 carloads in 1973. Homsote expects to generate 1,250 carloads by 1979. Royal expects to generate 615 carloads by 1976. George Owens of Royal said that approximately 3,000 rail cars travel the line annually. New Jersey DOT say only 650 cars traveled the line in 1973. Abandonment would cause unemployment for 205 people.

Information from the Reading Company said that abandonment of this line would cause one company to close and two companies to cut back service, resulting in layoffs of 135 people. Hundreds of other employees would be adversely affected. Abandonment would also isolate the East Trenton and Trenton-Princeton Traction Branches.

Information for Line Retention Decision

Revenue received by RDG.....	\$474,121
Average revenue per carload.....	\$194
Variable (avoidable) cost of continued service:	
Cost incurred on the Branch Line.....	152,983
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	313,633
Total variable (avoidable) cost.....	466,616
Net contribution (loss): total.....	7,505
Average per carload.....	3

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that the Trenton Branch be included in the ConRail System.

PORTION OF PLEASANTVILLE SECONDARY TRACK

USRA Line No. 1800

Pennsylvania-Reading Seashore Lines



This portion of the Pleasantville Secondary Track, extends from *McKee City* (Milepost 53.1 to *Pleasantville, N.J.* (Milepost 56.9) a distance of 3.8 miles in Atlantic County, New Jersey. At Pleasantville, this line connects with the Linwood Secondary Track of the Pennsylvania-Reading Seashore Lines, and it also continues to Atlantic City. The former line is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 64).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

McKee City	81
Northfield	26

Total carloads generated by the line	107
Average carloads per week	2.1
Average carloads per mile	30.6
Average carloads per train	2.1
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PRSL	\$15,936
Average revenue per carload	\$149

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	33,679
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	6,404

Total variable (avoidable) cost 40,173

Net contribution (loss): total (24,237)
Average per carload (227)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed at 10 m.p.h.).

New Jersey DOT indicated that industries have already moved into an industrial park complex at McKee City and this complex is expected to attract additional firms in the future. Continued rail service is essential to at least one of the firms now in the complex and for the continued development of the park.

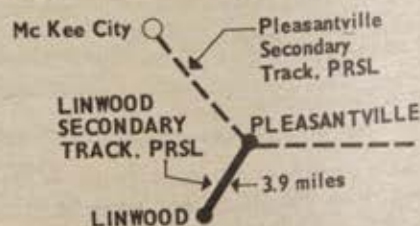
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Pleasantville Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$24,237 or \$227 per carload. Recovery of costs would require approximately a 260 percent increase in traffic or a 150 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in ConRail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile, however, indicate that this line would not likely be viable under these circumstances.

LINWOOD SECONDARY TRACK

USRA Line No. 1801

Pennsylvania-Reading Seashore Lines



The Linwood Secondary Track, extends from *Pleasantville* (Milepost 0.0) to *Linwood, New Jersey* (Milepost 3.8), a distance of 3.9 miles, in Atlantic County,

New Jersey. At Pleasantville, this line connects with the Pleasantville Secondary Track of the Pennsylvania Reading Seashore lines. The portion from Pleasantville west is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 64).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Linwood	254
Total carloads generated by the line.....	
Average carloads per week	4.9
Average carloads per mile.....	66.8
Average carloads per train.....	2.4
1973 operating information :	
Number of round trips per year.....	104
Estimated time per round trip (hours)	3.5
Locomotive horsepower.....	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Dee Wood Industries reported it generates an average of 274 carloads per year over this line. Herbert Adler, representing the aforementioned firm, stated that his firm would not be able to price its products competitively if rail service were discontinued. Additionally, he mentioned that a switch to trucking would be impractical. Opposition was also expressed by the PRSL, the New Jersey DOT, and other business firms.

Information for Line Retention Decision

Revenue received by PRSL	\$54,037
Average revenue per carload	\$213
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	52,060
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	19,417
Cost incurred beyond the branch line	14,826
Total variable (avoidable) cost	86,303
Net contribution (loss): total	(32,266)
Average per carload	(127)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include

the replacement of a total of 1,400 cross-ties (an average of 368 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that the Linwood Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$32,266 or \$127 per carload. Recovery of costs would require approximately an 80 percent increase in traffic or a 60 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in Con Rail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile indicate that the line may be viable under this circumstance.

PORTION OF MILLVILLE BRANCH

USRA Line No. 1803

Pennsylvania-Reading Seashore Lines



This portion of the Millville Branch extends from Glassboro (Milepost 18.0) to Vineland, N.J. (Milepost 34.0), a distance of 16.0 miles, in Gloucester and Cumberland counties, New Jersey. At Glassboro, this line continues through Woodbury to Camden, and it also connects with the Bridgeton Branch of the Pennsylvania-Reading Seashore Lines. At Vineland, it intersects the Central Railroad of New Jersey's Southern Line running from Red Bank to Bridgeton. At this point, it also continues to Dorchester. The Glassboro to Woodbury segment and the Bridgeton Branch of the PRSL, as well as the CNJ Southern Line, are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 65 and 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Clayton -----	143
Franklinville -----	3
Newfield -----	105
Total carloads generated by the line-----	251
Average carloads per week-----	4.8
Average carloads per mile-----	15.7
Average carloads per train-----	2.4
1973 operating information:	
Number of round trips per year-----	104
Estimated time per round trip (hours)-----	1.5
Locomotive horsepower-----	2,000
Train crew size-----	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PRSL.....	\$42,309
Average revenue per carload.....	\$169
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	139,014
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line.....	15,415
Total variable (avoidable) cost.....	154,429
Net contribution (loss): total.....	(112,120)
Average per carload.....	(447)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

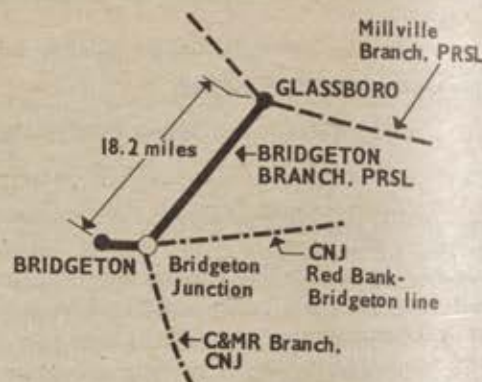
Preliminary Recommendation

It is *not* recommended that this portion of the Millville Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$112,120 or \$447 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 265 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in ConRail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile, however, indicate that the line would not likely be viable under this circumstance.

BRIDGETON BRANCH

USRA Line No. 1804

Pennsylvania-Reading Seashore Lines



The Bridgeton Branch extends from *Glassboro* (Milepost 17.8) to *Bridgeton, N.J.* (Milepost 36.0), a distance of 18.2 miles, in Gloucester, Salem, and Cumberland Counties, New Jersey. At Glassboro, this line connects with the Millville Branch Line of the PRSL. At Bridgeton Junction, it connects with the Red Bank to Bridgeton Line of the CNJ, and the CNJ-C. & M.R. Branch. All lines except the last are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 65 and 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Glassboro	452
Elmer	223
Husted	4
Bridgeton	1,215
Total carloads generated by the line	1,894
Average carloads per week	38.4
Average carloads per mile	104
Average carloads per train	7.6
1973 operating information:	
Number of round trips per year	250
Established time per round trip (hours)	8.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PRSL.....	\$192,000
Average revenue per carload.....	\$102

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	278,378
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	130,650
Total variable (avoidable) cost.....	409,028
Net contribution (loss): total.....	(216,128)
Average per carload.....	(114)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Information received by the USRA staff indicates that a large industrial development is being located on this line. This complex is known as the Seabrook Development and is near Bridgeton. 4,000 to 5,000 acres of industrial property should be developed over the next several years.

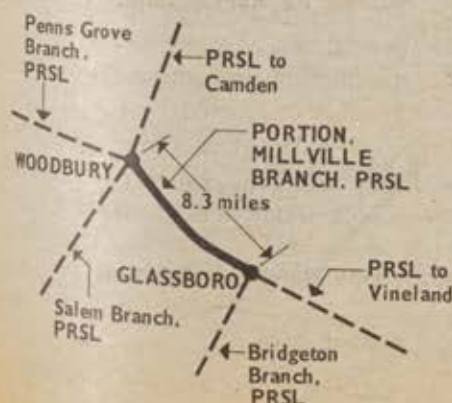
Preliminary Recommendation

Although the preliminary recommendation is that the Bridgeton Branch not be included in the ConRail system, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$216,128 or \$114 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 110 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in ConRail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile indicate that the line may be viable under this circumstance.

PORTION OF MILLVILLE BRANCH

USRA Line No. 1805

Pennsylvania-Reading Seashore Lines



This portion of the Millville Branch extends from Woodbury (Milepost 9.7) to Glassboro, N.J. (Milepost 18.0), a distance of 8.3 miles, in Gloucester County, New Jersey. At Woodbury, this line continues to Camden. At Glassboro, it connects with the Bridgeton Branch of the PRSL, and the line also continues to Dorchester. The former line and the segment of the latter line from Glassboro to Vineland are also under study in this Report. At Woodbury, this line also intersects the Penns Grove Branch and the Salem Branch, both PRSL. This line was not described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sewell.....	159
Pitman.....	31

Total carloads generated by the line.....	190
Average carloads per week.....	3.7
Average carloads per mile.....	22.8
Average carloads per train.....	3.7
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	3.5
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PRSL.....	\$16,034
Average revenue per carload.....	\$84

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	86,730
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	16,067
Total variable (avoidable) cost.....	96,797

Net contribution (loss): Total.....	(80,763)
Average per carload.....	(425)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this portion of the Millville Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess finan-

cial burden amounting to \$80,763 or \$425 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF GLENDORA BRANCH

USRA Line No. 1806

Pennsylvania-Reading Seashore Lines



This portion of the Glendora Branch extends from Bellmawr (Milepost 7.9) to Glendora, New Jersey (Milepost 9.5), a distance of 1.6 miles, in Camden County, New Jersey. At Bellmawr, this line continues to Gloucester. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Runnemede	72
Glendora	46
Total carloads generated by the line	118
Average carloads per week	2.3
Average carloads per mile	73.8
Average carloads per train	2.4
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	2.7
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that firms located on this portion of the line generated 28 carloads of freight in 1972 and 61 carloads in 1973.

The New Jersey DOT indicated that cutting the line at Milepost 7.4 would isolate an industrial park from rail service. The effects of this cessation of service would force one firm to close, increase transportation costs for others, and would curtail future growth and development of the complex. Additionally, freight traffic increased over 100% in the one year (1972-1973) period.

Another point stressed by this report, was, in addition to providing private-siding service for one patron, the Glendora end of the line also provides a rail-truck interface for team track patrons.

Information for Line Retention Decision

Revenue received by PRSL	\$13,171
Average revenue per carload	\$112
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	21,995
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	7,165
Total variable (avoidable) cost	29,160
Net contribution (loss): total	(15,989)
Average per carload	(136)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

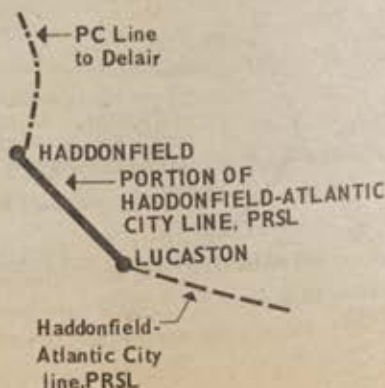
Preliminary Recommendation

It is *not* recommended that this portion of the Glendora Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$15,989 or \$136 per carload. Recovery of costs would require approximately a 260 percent increase in traffic or a 120 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in ConRail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile indicate that the line may be viable under this circumstance.

PORTION OF CAMDEN TO ATLANTIC CITY LINE

USRA Line No. 1807

Pennsylvania Reading Seashore Lines



This portion of the Camden to Atlantic City Line, extends from *Haddonfield* (Milepost 6.1) to *Lucaston, N.J.* (Milepost 13.6), a distance of 7.5 miles, in Camden County, New Jersey. At Haddonfield, this line connects with the PC line running to Delair. At Lucaston, this line continues to Atlantic City. This line was not described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Woodcrest	25
Kirkwood	4
Total carloads generated by the line	
Average carloads per week	0.6
Average carloads per mile	3.9
Average carloads per train	0.6
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	1.8
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PRSL	\$4,941
Average revenue per carload	170
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	59,030
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	2,033
Total variable (avoidable) costs	61,063
Net contribution (loss): total	(56,122)
Average per carload	(1,935)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

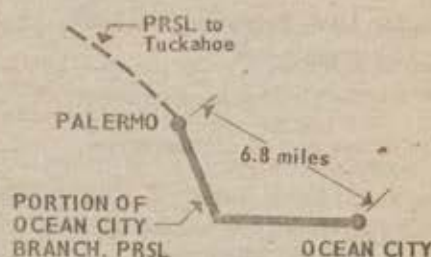
It is not recommended that this portion of the Camden to Atlantic City Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$56,122 or \$1,935 per carload. Recovery of costs would require approximately

a nineteen-fold increase in traffic or a 1,138 percent rate increase over the 1973 levels.

PORTION OF OCEAN CITY BRANCH

USRA Line No. 1808

Pennsylvania-Reading Seashore Lines



This portion of the Winslow and Cape May Line, extends from *Palermo* (Milepost 59.6) to *Ocean City, N.J.* (Milepost 66.4), a distance of 6.8 miles, in Cape May County, New Jersey. At Palermo this line continues until it reaches the PRSL Cape May line at Tuckahoe. This line was described as potentially excess in the U.S. DOT Report (see Zone 65).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Ocean City	116
Total carloads generated by the line	
Average carloads per week	2.2
Average carloads per mile	17.1
Average carloads per train	2.2
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1.5
Locomotive horsepower	4,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that potential continued growth in commuter service from Ocean City to the Philadelphia area was a justifiable argument for the continuance of service over this line. The average number of daily commuters is 90.

PRSL advocated that passenger service between these points be expanded; while freight service be discontinued. The Ocean City Community Association favors abandonment of the line and the establishment of com-

muter bus service. The rationale behind this is that the line has no economic value to taxpayers and is presently in unsafe condition.

A letter from Ms. Margaret Boal of Ocean City, New Jersey, stated that the community association of Ocean City (see above RSPO testimony) could not be located. Consequently, they did not speak for the citizens of Ocean City who rely on commuter rail service nor for the shipper located on the line. She also indicated that the statistics should show that the number of regular riders has steadily increased in the past year and a half.

Information for Line Retention Decision

Revenue received by PRSL.....	\$11,572
Average revenue per carload.....	\$100
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	¹ 31,142
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	7,295
Total variable (avoidable) cost.....	38,437
Net contribution (loss): total.....	(26,865)
Average per carload.....	(232)

¹ Excludes maintenance due to the presence of commuter services.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

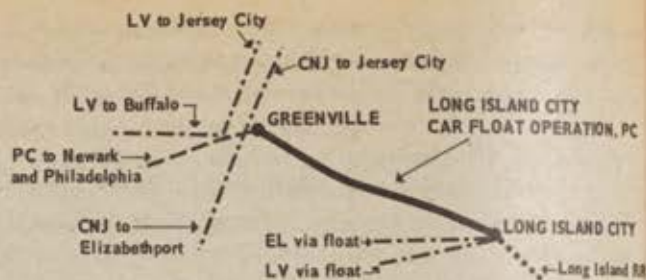
It is *not* recommended that this portion of the Winslow and Cape May line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$26,865 or \$232 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 230 percent rate increase over the 1973 levels. The inclusion of this smaller bankrupt carrier in ConRail will improve carrier revenue as the acquiring road can "long haul" the traffic. The present carloads per mile indicate that the line may be viable under this circumstance.

LONG ISLAND CITY FLOAT

USRA Line No. 117

Penn Central

The Long Island City Float, formerly part of the Pennsylvania RR, extends from *Greenville* to *Long*



Island City in Hudson County, N.J. and Queens County, N.Y.

The Long Island City Float is a car ferry operation handling Penn Central rail cars between Greenville and the Long Island Railroad at Long Island City. The line was not described as potentially excess in the U.S. DOT Report (see Zones 58 and 60).

Recommendation

The Long Island City float operation of the Penn Central is recommended for inclusion by ConRail. While costly, it provides a less expensive and more direct service than all rail routing for a significant amount of traffic.

While recommended for retention major changes in the service should occur, including:

1. Consolidation of all ConRail and Erie Lackawanna marine operations at Greenville.
2. Contract with the Brooklyn Dock Railways (BEDT & N.Y. Dock) for actual performance of service.
3. Imposing necessary surcharges to cover the additional costs of providing the service (\$43 per car) wherever present rates are noncompensatory.

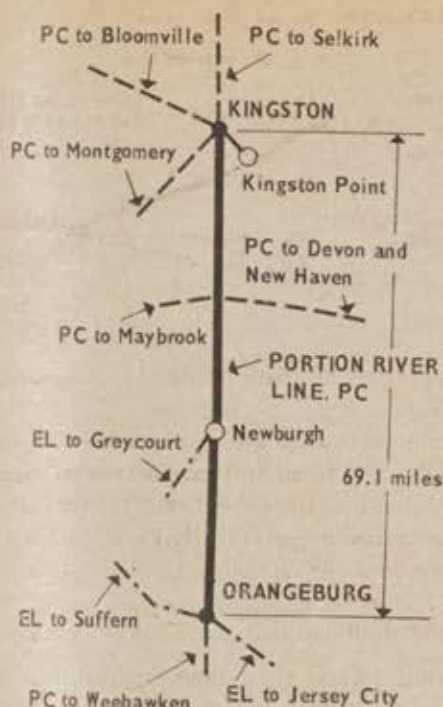
See Chapter 18 for a more detailed discussion of New York water services.

PORTION OF THE RIVER LINE

USRA Line No. 709

Penn Central

This portion of the River Line, formerly part of the New York Central RR, extends from *Little Ferry, N.J.* (Milepost 5.9), to *Kingston, N.Y.* (Milepost 87), a distance of 81.1 miles, in Bergen County, New Jersey and Rockland, Orange and Ulster Counties, N.Y. Continuations of this line extend to Weehawken, N.J. and Selkirk, N.Y. At Little Ferry, the line connects with the New York, Susquehanna & Western Ry; at Orangeburg, N.Y. with the Erie-Lackawanna Piermont Branch and at Kingston with the Wallkill Valley and Catskill Mountain Branches of the PC, which are both also under study in this Report. This line was not



described as potentially excess in the U.S. DOT Report (see Zones 56, 58 and 60). The map illustrates only the northernmost 69.1 miles between Orangeburg and Kingston.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by the MTA (New York) indicated that the River Line should be preserved as far as Kingston (from Weehawken, New Jersey). MTA runs commuter passenger service for New York State in the Metropolitan New York City area and is in the process of evaluating future passenger service on the portion of this line.

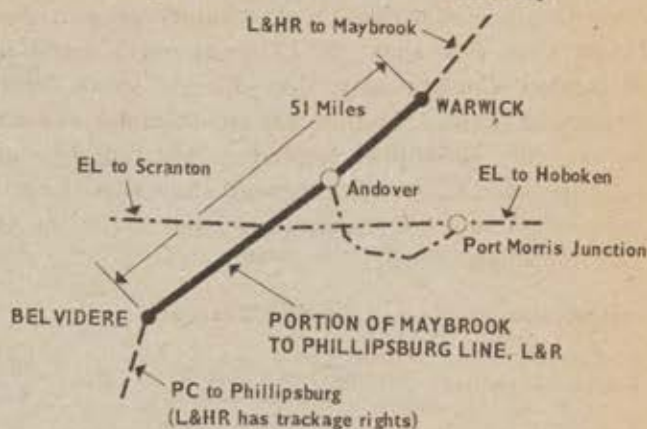
Information for Line Retention Decision

This line is required for through freight service; therefore, local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the River Line be included in the ConRail System.

PORTION OF MAYBROOK-PHILLIPSBURG LINE USRA Line No. 1701 Lehigh & Hudson River Railway



This portion of the Lehigh and Hudson River Railway extends from *Warwick, N.Y.* (Milepost 21), to *Belvidere, N.J.* (Milepost 72), a distance of 51 miles, in Orange County, New York and Sussex and Warren Counties, N.J. A continuation of this line extends northward from Warwick to Maybrook, N.Y. This line is also under study in this Report. At Belvidere it connects with the Penn Central Belvidere Branch extending southward to Trenton, which is also under study in this Report. Part of this line was described as potentially excess in the U.S. DOT Report (see Zones 56, 61, and 69).

Information Provided by RSPO, Shipping, Government Agencies

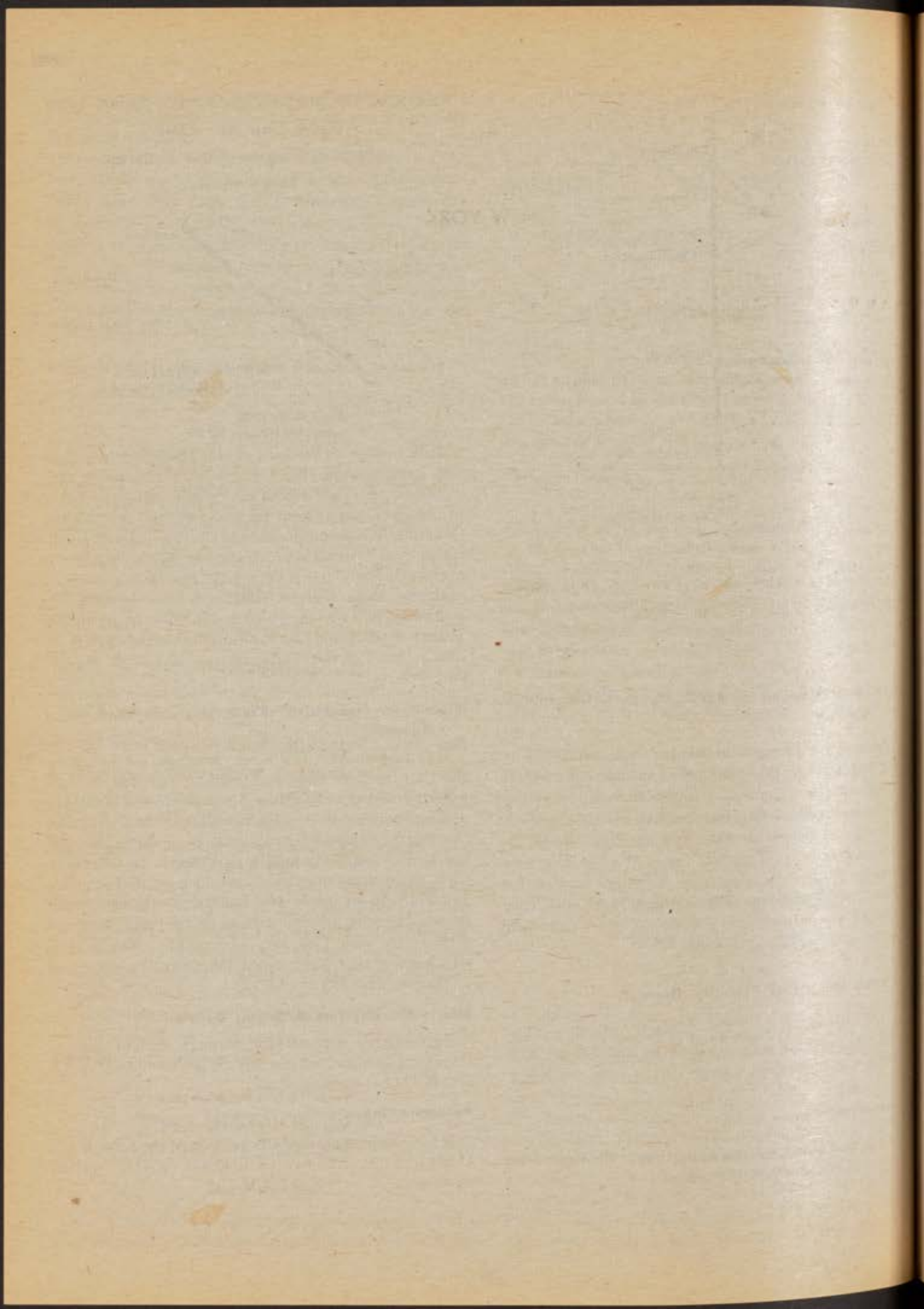
Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line is an important (potential) commuter line, and has more than 60 industrial customers. Its abandonment could cause unemployment, closing of businesses, and shifting to motor transportation for some businesses. The only firm submitting actual traffic data was New Jersey Zinc Company of Franklin, New Jersey, which stated that it generated 136 carloads in 1972 and 163 carloads in 1973.

Information for Line Retention Decision

This line is required for through freight service, therefore, local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Lehigh and Hudson River Railway be included in the ConRail System.



NEW YORK

USRA line number	Terminals	USRA line number	Terminals
Intrastate			
66	Mount Kisco to Brewster	687	Carthage to Lowville
66a	Brewster to Dover Plains	708	Poughkeepsie to Hopewell Junction
66b	Dover Plains to Wassaic		LV
66c	Wassaic to Millerton	1000	Rochester to Lima
67	Millerton to Ghent	1002	East Ithaca to Cortland
68	Bay Ridge at Bay Ridge	1003	Owego to Mead
70	Hudson to Claverack	1017	Van Etten Junction to Ithaca
72	Schenectady to Aqueduct	1020	Van Etten Junction to Geneva Junction
76	Selkirk to Port of Albany	1021	Geneva Junction to Geneva
79	Boonville to Lyons Falls	1022	Geneva to Rochester Junction
80	Camden to McConnellsville	1023	Batavia to P & L Junction
81	Rotterdam Junction to South Fort Plain	1024	Buffalo to Batavia
83a	South Utica to New York Mills	1025	P & L Junction to Rochester Junction
84	West Shore Secondary Track at New York Mills		LHR
85	Oneida Castle to Vernon		
86	East Syracuse to Fayetteville	1700	Warwick to Maybrook
87	Malone to Canadian Border		Interstate
89a	DeKalb Junction to Ogdensburg		PC
90	Emeryville to Edwards		
92/93	Watertown to Limerick		New York to Canada (this line is discussed under Canada)
95	Cayuga to Auburn	101a	Black Rock, N.Y. to Welland, Ont.
96	Brighton to Pittsford		PC
98	Canadaigua to Victor		
100/101	Akron Junction to Transit Road		New York to New Jersey (these lines are discussed under New Jersey)
102	Williamson to Oswego		
102a	Oswego to Scriba	117	Long Island City, N.Y. to Greenville, N.J. (float)
103/104	Williamson to Windsor Beach	709	Kingston, N.Y. to Little Ferry, N.J.
105/107	Charlotte to Riverview		LHR
106	Suspension Bridge to Riverview		
108	Newark to Sodus Point	1701	Warwick, N.Y. to Belvidere, N.J.
109/110	Newark to Marion		PC
111	Windsor Beach to Rochester		
112	Batavia to Caledonia		New York to Pennsylvania
114a	Rochester to Scottsville Yard	249	Mayville, N.Y. to Corry, Pa.
116	Montgomery to Kingston	260	Falconer, N.Y. to North Warren, Pa.
117	Kingston to Bloomville		LV
200a	Southport to Elmira		
201	Horseheads to Watkins Glen	1015	Owego, N.Y. to Sayre, Pa.
201a	Elmira to Horseheads	1016	Van Etten Junction, N.Y. to Sayre, Pa.
201b	Watkins Glen to Starkey		
203/234	Seneca Castle to Penn Yan		
238	Canadaigua Track at Stanley		
245	16th Street Track at Olean		
248	Brocton to Mayville		
258	Fredonia to Dunkirk		
666	Rensselaer to Troy		
666a	Green Island to Crescent		
667	Campbell Hall to Highland		
668	Poughkeepsie to Highland		
669	Utica to Boonville		
670	Rome to McConnellsville		
671	Geneva to Cayuga		
681	30th Street Branch (NY)		
688	Oneida Castle to Canastota		

PORTION OF HARLEM LINE

USRA Line No. 66

Penn Central



This portion of the Harlem Line, formerly part of the New York Central RR, extends from *Mt. Kisco* (Milepost 36.6), to *Brewster, N.Y.* (Milepost 52.1), a distance of 15.5 miles, in Westchester and Putnam Counties, N.Y. A continuation of this line extends northward from Brewster to Chatham (also under study in this Report) as far as Ghent. A southerly continuation of this line runs from Mt. Kisco to Mott Haven Junction. The Harlem line connects at Brewster with the Maybrook Branch of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zones 56 and 58).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mt. Kisco ¹	1,612
Bedford Hills	4
Katonah	0
Goldens Bridge	20
Purdys	0
Croton Falls	1

Total carloads generated by the line	1,637
Average carloads per week	31.5
Average carloads per mile	105.6
Average carloads per train	5.5

1973 operating information:

Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	1,750
Train crew size	3

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that people all along the Harlem Line desire to have passenger service as far north as Chatham improved. Amongst the agencies calling for passenger service im-

provement were the Harlem Valley Transportation Authority, the Planning Board of both Pawling and Northeast, and the Headmaster of the Barlow School in Amenia. The Consolidated Edison Co. of New York reported that they have a delivery site at Hawthorne, New York for large power transformers. Hawthorne is located south of Mt. Kisco on the Harlem Line. Many of these transformers are shipped from Pittsfield, Mass. via Chatham and the Harlem Division because this line has adequate clearances for overdimensional loads. USRA has determined that this line is under lease by the Metropolitan Transportation Authority for operation of M.T.A. supported passenger trains by Penn Central. The M.T.A. lease extends along the Harlem Line to Dover Plains (Milepost 76.6). Penn Central retains the right to operate freight service over this entire line, with M.T.A. paying for the maintenance-of-way to an agreed upon level at no charge to the Penn Central. Freight train speeds between Mt. Kisco and Brewster are 45 m.p.h. Passenger speeds vary from 50 to 60 m.p.h.

Information for Line Retention Decision

Revenue received by PC	\$553,881
Average revenue per carload	\$338

Variable (avoidable) cost to continued service:

Cost incurred on the branch line	\$227,840
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	443,034

Total variable (avoidable) cost 670,874

Net contribution (loss): total (116,996)

Average per carload (71)

¹ Excludes maintenance cost due to commuter operation by M.T.A.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Although service to the entire line generates a loss, service to the line from Milepost 36.6 to Milepost 37.7 (serving shippers at Mt. Kisco who generated 1,612 carloads in 1973) would generate \$541,080 in revenue and \$449,628 in costs with a resulting contribution of \$91,452 or \$57 per carload.

Recommendation

It is recommended that freight service be provided over the Harlem Line between Milepost 36.6 and Milepost 37.7.

Preliminary Recommendation

It is *not* recommended that freight service over the portion of the Harlem Line between Milepost 37.7 and Milepost 52.1 be provided by the ConRail System.

Continued operations of this line would require a rail service continuation subsidy.

PORTION OF HARLEM LINE

USRA Line No. 66a

Penn Central



This portion of the Harlem Line, formerly part of the New York Central RR, extends from *Brewster* (Milepost 52.1) to *Dover Plains, N.Y.* (Milepost 76.6), a distance of 24.5 miles, in Putnam and Dutchess Counties, N.Y. A northerly continuation of this line extends from *Dover Plains* to *Chatham* (also under study in this Report, as far as *Ghent*). From *Brewster*, this line runs southward to *Mott Haven Junction*, the portion of which from *Brewster* to *Mt. Kisco* is also under study in this Report. It also connects with the *Maybrook Branch* of the PC at *Brewster*. The PC has leased this line to the Metropolitan Transportation Authority for passenger service but retains the right to operate freight trains over it. This line was described as potentially excess in the U.S. DOT Report (see Zone 56).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Patterson	55
Pawling	68
Wingdale	341
Dover Plains	11
Brewster ¹	3
Total carloads generated by the line	478
Average carloads per week	9.2
Average carloads per mile	19.5
Average carloads per train	2.7
1973 operating information:	
No. of round trips per year	175
Estimated time per round trip (hours)	8.2
Locomotive horsepower	1,750
Train crew size	3

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that both *Pawling Rubber Corporation of Pawling* (Milepost 64.4) and *Mica Products of Wingdale* (Milepost 72.3) would be forced to relocate if they could not receive guaranteed dependable rail freight service. *Lloyd Lumber Company* and *Patterson Beer Distributor Company of Patterson, N.Y.* (Milepost 60.3) both submitted evidence of their traffic. However, USRA staff has found material indicating that *Lloyd Lumber* actually receives its lumber at *Brewster, N.Y.* on a former *New Haven* team track. Apparently the *Patterson beer distributor* will shortly shift its use of rail to and from *Milwaukee* in favor of truck shipments from a new *Miller brewery* in upstate New York. Other shippers submitting evidence to RSPO are *A. Mendel & Sons* (20 cars in 1973), *Utlar Brothers* (112 cars in 1972), *Pawling Agway* (7 cars in 1972) and *Harlem Valley State Hospital in Wingdale* (340 cars of coal in 1973). *Mica Products* generated 147 cars in 1972 while *Pawling Rubber* was responsible for 13 carloads. USRA staff has found that this line is leased from the Penn Central as far north as *Dover Plains* by the Metropolitan Transportation Authority. Penn Central retains the right to operate freight service over this line with MTA paying for the maintenance-of-way to an agreed-upon level at no charge to the Penn Central. MTA actually is responsible for setting the passenger service standards and for determining the maintenance program. Authorized passenger and freight train speeds between *Brewster* and *Dover Plains* are 40 m.p.h.

Information for Line Retention Decision

Revenue received by PC	\$177,048
Average revenue per carload	\$370
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	\$77,699
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	125,948
Total variable (avoidable) cost	203,647
Net contribution (loss): total	(26,599)
Average per carload	(56)

¹ Excludes maintenance and ownership cost due to MTA lease.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Although this line generates a loss amounting to \$26,599, USRA segment No. 66b, which must be served

via this line, generated a net contribution of \$19,487. A 4-percent rate increase would enable financial self-sufficiency.

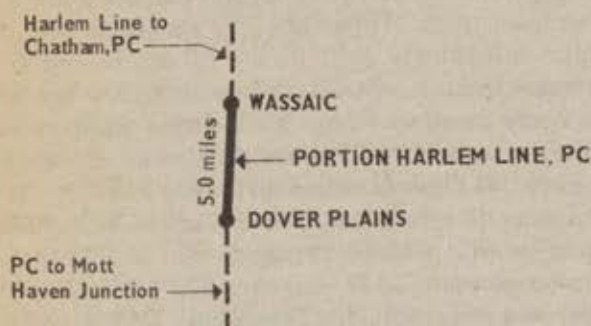
Preliminary Recommendation

It is recommended that this portion of the Harlem Line be included in the ConRail System.

PORTION OF HARLEM LINE

USRA Line No. 66b

Penn Central



This portion of the Harlem Line, formerly part of the New York Central RR, extends from *Dover Plains* (Milepost 76.6) to *Wassaic, N.Y.* (Milepost 81.6), a distance of 5.0 miles, in Dutchess County, N.Y. A northerly continuation of this line extends from Wassaic to Chatham (also under study in this Report as far as Ghent). From Dover Plains, this line continues southward to Mott Haven Junction (the portion of which from Dover Plains to Mt. Kisco is also under study in this Report). This line was described as potentially excess in the U.S. DOT Report (see Zone 56).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Wassaic	1,173
Total carloads generated by the line	1,173
Average carloads per week	22.6
Average carloads per mile	234.6
Average carloads per train	6.7
1973 operating information:	
Number of round trips per year	175
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,750
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Wassaic State School, Tri-Wall Containers and Maxon

Mills are all heavy rail users on this 5-mile segment. These 3 firms generated 1,013 carloads in 1972. Maxon Mills testified that the \$125,000 capital investment needed to shift to trucks would put them out of business. Tri-Wall Containers has announced a \$2 million expansion program, and showed that their rail business was already increasing with a 30% increase (121 cars) over 1972 traffic. USRA has found that this segment of track presently has a 30 m.p.h. speed authorization with slow orders of 8 m.p.h. in places.

Information for Line Retention Decision

Revenue received by PC	\$371,293
Average revenue per carload	\$317
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	75,755
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)	5,945
Cost incurred beyond the branch line	270,115
Total variable (avoidable) cost	351,815
Net contribution (loss): total	19,478
Average per carload	17

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,179 crossties (an average of 236 crossties per mile).

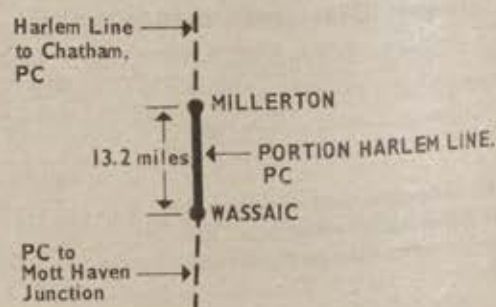
Recommendation

It is recommended that this portion of the Harlem Line be included in the ConRail System.

PORTION OF HARLEM LINE

USRA Line No. 66c

Penn Central



This portion of the Harlem Line, formerly part of the New York Central RR, extends from *Wassaic* (Milepost 81.6) to *Millerton, N.Y.* (Milepost 94.8), a distance of 13.2 miles, in Dutchess County, N.Y. This line ex-

tends northward to Chatham from Millerton (also under study in this Report as far as Ghent). A southerly continuation of this line extends from Wassaic to Mott Haven Junction via PC. The portion from Wassaic to Mt. Kisco is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 56).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Amenia	213
Sharon	4
Millerton	304

Total carloads generated by the line	521
Average carloads per week	10.0
Average carloads per mile	39.5
Average carloads per train	5.2
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	1.8
Locomotive horsepower	1,750
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Kerr McGee of Amenias, Agway of Sharon, and Allied Mills of Agway are active shippers on this segment. The new Agway (Milepost 87.6) bulk feed mixing and distribution plant opened in 1972. This firm projected 500 cars of traffic in 1973. USRA staff identified 1973 actual shipments of: 5 carloads from Sharon (all shippers), 60 carloads at Millerton (Agway), and 3 carloads at Amenias (Agway). The state of New York, in a special study of branch lines, found that the PC Millerton-Chatham branch has an annual loss of \$157,258. The study also showed a net loss of \$43,708 from property taxes, as well as an annual community economic loss of \$101,663.

Information for Line Retention Decision

Revenue received by PC	\$168,667
Average revenue per carload	324
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	106,416
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	15,735
Cost incurred beyond the branch line	141,735
Total variable (avoidable) cost	263,886
Net contribution (loss): total	(95,219)
Average per carload	(189)

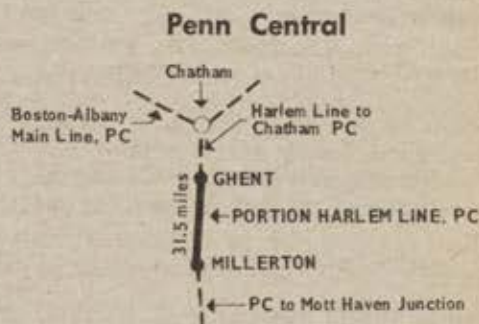
This line would require upgrading to meet the requirements of the Federal Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,179 crossties (an average of 89 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Harlem Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$95,219 or \$183 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 55 percent rate increase over the 1973 levels.

PORTION OF HARLEM LINE

USRA Line No. 67



This portion of the Harlem Line, formerly part of the New York Central RR, extends from Millerton (Milepost 94.8) to Ghent, N.Y. (Milepost 126.3), a distance of 31.5 miles, in Dutchess and Columbia Counties. A northerly continuation of this line extends from Ghent to Chatham, where it connects with the Boston-Albany Line, PC. A southerly continuation extends from Millerton to Mott Haven Junction (the portion from Millerton to Mt. Kisco is also under study in this report). In August 1972, the PC applied to the ICC for the abandonment of this line (Docket No. AB-5, Sub. 85). On September 25, 1974, the PC applied to the USRA for abandonment of this line (USRA Docket No. 75-46). No action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zones 55 and 56).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Copake Falls	16
Hillsdale	31
Philmont	28

Total carloads generated by the line

75

Average carloads per week	1.4
Average carloads per mile	2.3
Average carloads per train	1.5
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,750
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" concerned the potential impact on the area's agri-business and the need for the line as a clearance route. This line (and those it connects with) provides materials and equipment for the area's farmers. Consolidated Edison Company indicated that the line should be continued to provide service to its over-sized loads moving to Hawthorne.

Information for Line Retention Decision

Revenue received by PC	\$28,539
Average revenue per carload	\$381
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	206,653
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	32,132
Cost incurred beyond the branch line	21,496
Total variable (avoidable) cost	260,281
Net contribution (loss): total	(231,742)
Average per carload	(3,470)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 7,426 crossties (an average of 235 crossties per mile).

Data and information supplied by shippers using this line indicate that there is some potential for traffic growth.

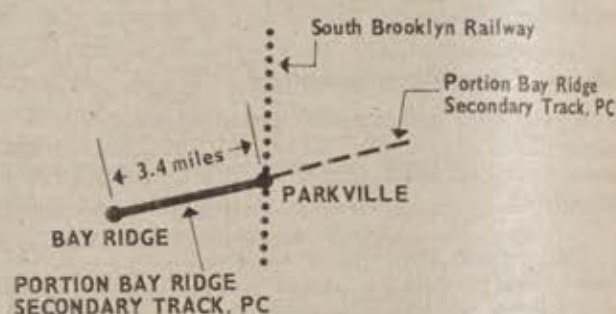
Preliminary Recommendation

It is not recommended that this portion of the Harlem Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$231,742 or \$3,470 per carload. Recovery of costs would require approximately a thirty-fold increase in traffic or a 900 percent rate increase over the 1973 levels.

PORTION OF THE BAY RIDGE SECONDARY TRACK

USRA Line No. 68

Penn Central



This portion of the Bay Ridge Secondary Track, formerly part of the Pennsylvania RR, extends from Bay Ridge (Milepost 0.0) to Parkville, N.Y. (Milepost 3.4), a distance of 3.4 miles, in Kings County, N.Y. A continuation of this line runs in a northeasterly direction from Parkville to Fremont. At Parkville this line connects with the South Brooklyn Railway. This line was not described as potentially excess in the U.S. DOT Report (see Zone 58).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bay Ridge	45
Parkville ¹	31
Total carloads generated by the line	76
Average carloads per week	1.5
Average carloads per mile	22.4
Average carloads per train	1.5
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	0.8
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The city of New York has provided information, however, concerning its plan for acquisition of an adjacent freight yard and for development of nearby waterfront facilities which could increase freight shipments.

Information for Line Retention Decision

Revenue received by PC	\$41,456
Average revenue per carload	\$545

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	26,161
Cost of upgrading branch line to FRA (Class I (1/10 of total upgrading cost))..	1,840
Cost incurred beyond the branch line.....	25,105
Total variable (avoidable) cost.....	53,106

Net contribution (loss) : total.....	(11,650)
Average per carload.....	(153)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed at 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 460 crossties (an average of 135 crossties per mile). Most of the traffic on the Bay Ridge Secondary Track is handled on the eastern portion (East of Parkville) of the track. The G&R Packing Company, located in Bay Ridge, is the only shipper using this segment. Its product is foodstuffs, usually government contracted. Their traffic decreased in 1974 owing to contract losses and their location in a high-crime rate area resulting in high pilferage.

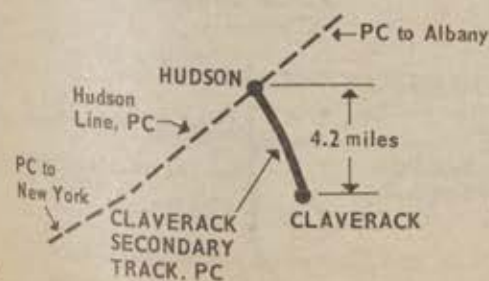
Preliminary Recommendation

It is not recommended that this portion of the Bay Ridge Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$11,650 or \$153 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 28 percent rate increase over the 1973 levels. The successful implementation of the city of New York's development plans might at a future date eliminate the need for the subsidy.

CLAVERACK SECONDARY TRACK

USRA Line No. 70

Penn Central



The Claverack Secondary Track, formerly part of the New York Central RR, extends from Hudson (Mile-

post 0.0), to Claverack, N.Y. (Milepost 4.2), a distance of 4.2 miles, in Columbia County, New York. This line connects at Hudson with the Hudson Line of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 55).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Claverack	157
Hudson Upper.....	432

Total carloads generated by the line.....	589
Average carloads per week.....	11.3
Average carloads per mile.....	140.2
Average carloads per train.....	5.9
1973 operating information:	
Number of round trips per year.....	100
Estimated time per round trip (hours).....	2
Locomotive horsepower.....	2,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Universal Match (estimated 1973: 166 carloads) is dependent on their rail service and transferring to trucks for long distance hauling of raw materials and chemicals may result in prohibitive transportation costs. Textile By-Products complained that poor rail service forced them to use trucks. If service were improved, they would increase their rail usage. Beacon Milling Co., Inc., received 148 car loads in 1973 and will increase rail usage because of shipping volume. Wholesale Feed Service generated 148 carloads. Conagra, Inc., projected 900 to 1,050 new carloads of business in future years. USRA Staff could not find any evidence of Conagra business projections. The New York Department of Transportation found in its study of light density lines that this particular line segment generates 836 carloads and an annual profit of \$132,924. Community loss from an abandonment would be \$5,418, plus \$5,275 in net local property taxes.

Information for Line Retention Decision

Revenue received by PC.....	\$188,274
Average revenue per carload.....	\$320

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	55,893
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	1,780
Cost incurred beyond the branch line.....	128,648
Total variable (avoidable) cost.....	186,321

Net contribution (loss) : total.....	1,953
Average per carload.....	3

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 250 crossties (an average of 60 crossties per mile).

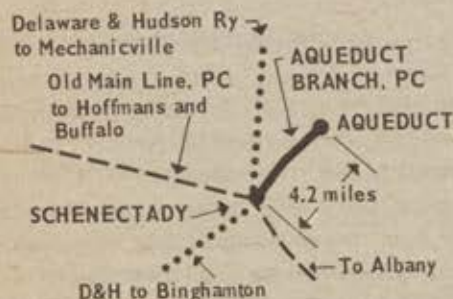
Recommendation

It is recommended that the Claverack Secondary Track be included in the ConRail System.

AQUEDUCT BRANCH

USRA Line No. 72

Penn Central



The Aqueduct Branch, formerly part of the New York Central RR, extends from *Schenectady* (Milepost 0.0) to *Aqueduct, N.Y.* (Milepost 4.2), a distance of 4.2 miles, in Schenectady County, N.Y. This line connects at Schenectady with the old Albany-Buffalo Line of the PC (this portion of which is also under study in this Report) and with the Delaware & Hudson RR. In March 1971, the PC applied to the ICC for permission to abandon this branch. (Finance Docket No. 26567 Sub No. 1). On request of PC no action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 42).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Schenectady ¹	57
Total carloads generated by the line	57
Average carloads per week	1.1
Average carloads per mile	13.6
Average carloads per train	3.8
1973 operating information:	
Number of round trips per year	15
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by the Condec Corp. indicated that it shipped 122 carloads in 1973. In testimony at Albany, N.Y., Philip A. Casella, Condec Corp., stated they have been awarded a contract for additional aircraft refuelers, which will result in a substantial amount of tonnage and that the Company's mode of transportation is dictated by the U.S. Government. Penn Central staff indicated much of their traffic has been via specially-equipped truck.

Information for Line Retention Decision

Revenue received by PC	\$86,730
Average revenue per carload	\$1,520
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	33,326
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,472
Cost incurred beyond the branch line	14,176
Total variable (avoidable) cost	51,974
Net contribution (loss): total	34,810
Average per carload	610

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 750 crossties (an average of 178 crossties per mile).

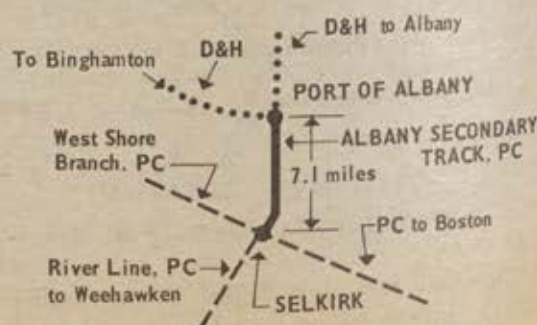
Recommendation

It is recommended that the Aqueduct Branch be included in the ConRail System.

ALBANY SECONDARY TRACK

USRA Line No. 76

Penn Central



The Albany Secondary Track, formerly part of the New York Central RR, extends from *Selkirk* (Milepost 3.7), to *Port of Albany, NY* (Milepost 10.8), a distance of 7.1 miles, in Albany County, New York. This line connects at the Port of Albany with the Delaware and Hudson Railway and at Selkirk with the West Shore Branch and the Boston-Buffalo line. This line was described as potentially excess in the U.S. DOT Report (see Zone 42).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Wempe	1
Glenmont	34
Albany ¹	8,648

Total carloads generated by the line	8,683
Average carloads per week	167.0
Average carloads per mile	1,223.0
Average carloads per train	28.9
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	8.0
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line is an important clearance route between the PC's large classification yard at Selkirk and the barge docks at the Port of Albany. The New York DOT reported in its special study of rail lines that this branch has an annual net profit of \$1,196,052 on 5,412 carloads of traffic. The community loss from abandonment would be \$34,854, plus \$13,564 in property taxes.

Information for Line Retention Decision

Revenue received by PC	\$3,942,938
Average revenue per carload	\$454
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	307,944
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	2,149,293
Total variable (avoidable) cost	2,457,237
Net contribution (loss): total	1,485,701
Average per carload	171

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph).

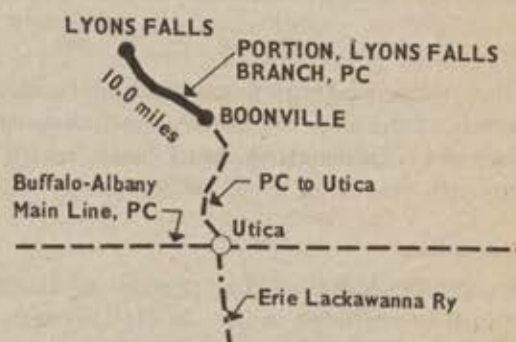
Recommendation

It is recommended that the Albany Secondary Track be included in the ConRail System.

PORTION OF THE LYONS FALLS BRANCH

USRA Line No. 79

Penn Central



This portion of the Lyons Falls Branch, formerly part of the New York Central RR, extends from *Boonville* (Milepost 35.0) to *Lyons Falls, N.Y.* (Milepost 45.0), a distance of 10.0 miles, in Oneida and Lewis Counties, N.Y. A southerly continuation of this line runs from Boonville to Utica where it connects with the Buffalo-Albany Line of the PC and with the Erie Lackawanna Railway. This line was described as potentially excess in the U.S. DOT Report of February 1, 1974, with the exception of the portion from Boonville to the Lewis County line (see Zones 44 and 45).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lyons Falls	2,202
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Total carloads generated by the line	2,202
Average carloads per week	42.4
Average carloads per mile	220.2
Average carloads per train	11.0
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	3.5
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated significant potential impact from the loss of rail service.

Information for Line Retention Decision

Revenue received by PC	\$927,759
Average revenue per carload	\$421
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	159,108
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	543,878
Total variable (avoidable) cost	702,986
Net contribution (loss): total	224,773
Average per carload	126

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

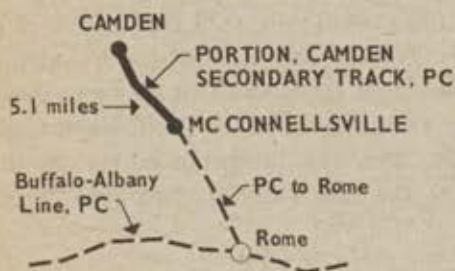
Recommendation

It is recommended that this portion of the Lyons Falls Branch be included in the ConRail System.

PORTION OF THE CAMDEN SECONDARY TRACK

USRA Line No. 80

Penn Central



This portion of the Camden Secondary Track formerly part of the New York Central RR, extends from Camden (Milepost 22.9) to McConnellsville, N.Y. (Milepost 28.0), a distance of 5.1 miles, in Oneida County, N.Y. A continuation of the line runs to Rome where it connects with the Buffalo-Albany Line of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 45).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Camden	174
Total carloads generated by the line	174
Average carloads per week	3.4
Average carloads per mile	38.7
Average carloads per train	2.9
1973 operating information:	
Number of round trips per year	60
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$82,129
Average revenue per carload	\$357
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	45,833
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	7,349
Cost incurred beyond the branch line	49,941
Total variable (avoidable) cost	103,123
Net contribution (loss): total	(40,994)
Average per carload	(236)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 800 cross-ties (an average of 178 cross-ties per mile).

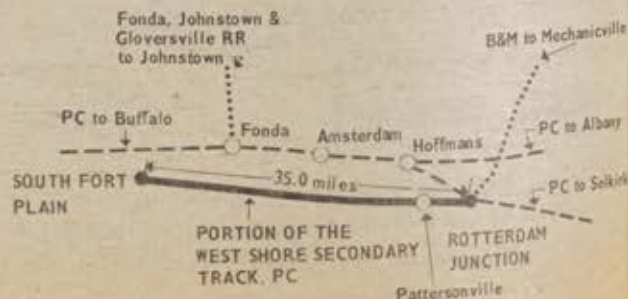
Preliminary Recommendation

It is *not* recommended that the Camden Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$40,994 or \$236 per carload. Recovery of costs would require approximately a 330 percent increase in traffic or a 65 percent rate increase over the 1973 levels.

PORTION OF THE WEST SHORE SECONDARY TRACK

USRA Line No. 81

Penn Central



This portion of the West Shore Secondary Track, formerly part of the New York Central RR., extends from *Rotterdam Junction* (Milepost 159.5) to *South Fort Plain, N.Y.* (Milepost 194.5), a distance of 35.0 miles, in Schenectady and Montgomery Counties, New York. This line connects at Rotterdam Junction with the Hoffmans Branch and the West Shore Branch of the PC, and with the Boston & Maine RR. This line was described as potentially excess in the U.S. DOT Report, except for 1.3 miles between Rotterdam Junction and Pattersonville, which was not described as excess (see Zones 42 and 43).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Amsterdam	144
Pultonsville	28
Cantoharie	1,063
South Fort Plain	361

Total carloads generated by the line	1,596
Average carloads per week	30.7
Average carloads per mile	45.6
Average carloads per train	10.6
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	12.0
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the loss of rail freight service might be disastrous to several industries on this line and to the towns in which they are located. Shippers stated that poor car supply and service reduced their use of freight service. The Mohawk Railway Company, not now an operating company, expressed an interest in acquiring and operating this line.

Information for Line Retention Decision

Revenue received by PC	\$595,413
Average revenue per carload	\$373
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	386,735
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	26,213
Cost incurred beyond the branch line	458,275
Total variable (avoidable) cost	871,223
Net contribution (loss): total	(275,813)
Average per carload	(173)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

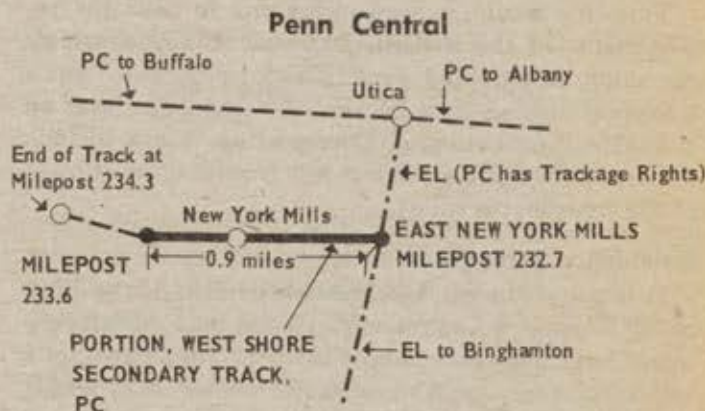
minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,000 crossties (an average of 85 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the West Shore Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$275,813 or \$173 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 50 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will not make the line viable.

PORTION OF WEST SHORE SECONDARY TRACK

USRA Line No. 83a



This portion of the West Shore Secondary Track, formerly part of the New York Central RR., extends from Milepost 232.7 near *South Utica*, to Milepost 233.6 near *New York Mills, N.Y.*, a distance of 0.9 mile, in Oneida County, New York. The continuation of this line, also under study, continues westward from Milepost 233.6. The line connects at Milepost 232.7 with the Erie Lackawanna Ry.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New York Mills ¹	176
Total carloads generated by the line	176
Average carloads per week	3.4
Average carloads per mile	195.5
Average carloads per train	3.9
1973 operating information:	
Number of round trips per year	45
Estimated time per round trip (hours)	1.0
Locomotive horsepower	600
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report". The most active rail shipper appears to be Vicks Lithograph Co. which receives large rolls of paper. Team track service for this shipper would be available within five miles of the plant.

Information for Line Retention Decision

Revenue received by PC.....	\$56,644
Average revenue per carload.....	\$322
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	19,793
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost) ..	1,841
Cost incurred beyond the branch line..	45,744
Total variable (avoidable) cost.....	67,351
Net contribution (loss): total.....	(10,707)
Average per carload.....	(61)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 200 crossties (an average of 222 crossties per mile).

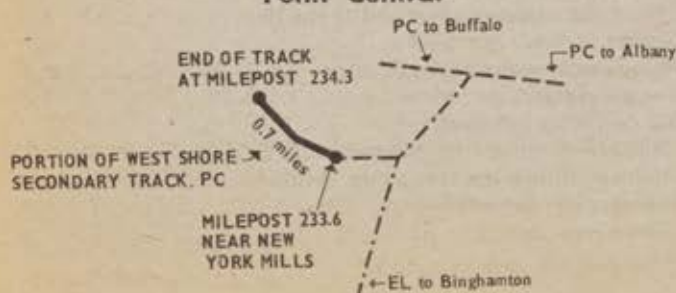
Preliminary Recommendation

It is *not* recommended that this portion of the West Shore Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$10,707 or \$61 per carload. Recovery of costs would require approximately a 100 percent increase in traffic or a 20 percent rate increase over the 1973 levels.

PORTION OF WEST SHORE SECONDARY TRACK

USRA Line No. 84

Penn Central



This portion of the West Shore Secondary Track, formerly part of the New York Central RR, extends from Milepost 233.6 near New York Mills, N.Y., to End of track at Milepost 234.3, a distance of 0.7 miles, in Oneida County, N.Y. A continuation of this line is also under study in this Report. In November 1972, the PC applied for permission to abandon this line and replace service by trackage rights over a nearby Erie Lackawanna line. No action has been taken. This line was described as potentially excess in the U.S. DOT Report (see Zone 45).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Highway construction now being undertaken by the State of New York would necessitate substantial investment on the bridge on this line. The state is prepared to construct a siding between Niagara Mohawk Power Co. (the only shipper on this line) and the Erie Lackawanna in order to avoid interference with the highway construction.

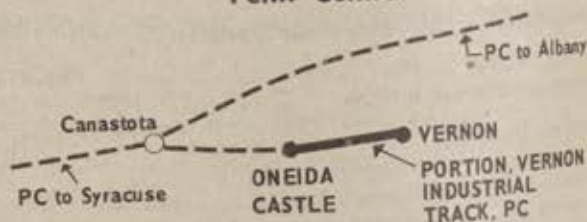
Preliminary Recommendation

It is *not* recommended that this portion of the West Shore Secondary Track be included in the ConRail System.

PORTION OF VERNON INDUSTRIAL TRACK

USRA Line No. 85

Penn Central



This portion of the Vernon Industrial Track, formerly part of the New York Central RR, extends from Vernon (Milepost 246.3), to Oneida Castle, NY (Milepost 252.5), a distance of 6.2 miles, in Oneida County, New York. The continuation of this line extends westward from Oneida Castle. It is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 45).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Vernon	269
Oneida Castle ¹	95

Total carloads generated by the line	364
Average carloads per week	7.0
Average carloads per mile	58.7
Average carloads per train	4.9

1973 operating information:

Number of round trips per year	75
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,000
Train crew size	5

¹ (Includes only traffic on segment.)

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that on this line a food manufacturing industry, which according to the Eastern Federation of Food Merchants, is a unique rail user industry. RSPO reported shipments of 98 cars by Vernon Milling Company and 40 cars by Lamos Feed Service during 1973. Lamos Feed expected its business to decline to 10 cars in 1974. USRA received correspondence from Pahl's Agway showing that this firm receives 200-240 cars per year.

Information for Line Retention Decision

Revenue received by PC	\$146,606
Average revenue per carload	\$403

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	65,140
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost) ..	6,238
Cost incurred beyond the branch line ..	98,320

Total variable (avoidable) cost	169,698
Net contribution (loss): Total	(23,092)
Average per carload	(63)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 900 crossties (an average of 145 crossties per mile).

Although service to the entire line generates a loss, service to the line from Milepost 252.5 to Milepost 251.9 (serving shippers at Oneida Castle who generated 95 carloads in 1973) would generate \$45,231 in revenue and \$38,360 in costs with a resulting net contribution of \$6,871 or \$72 per carload.

Recommendation

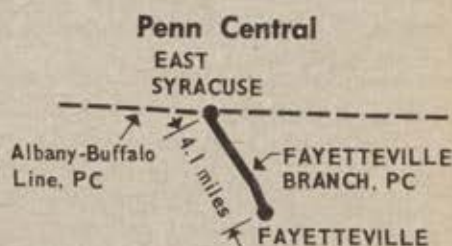
It is recommended that the portion of the Vernon Industrial Track from Milepost 252.5 to Milepost 251.9 be included in the ConRail System.

Preliminary Recommendation

It is *not* recommended that the portion of the Vernon Industrial Track from Milepost 251.9 to Milepost 246.7 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$29,967 or \$111 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 30 percent rate increase over the 1973 levels.

FAYETTEVILLE BRANCH

USRA Line No. 86



The Fayetteville Branch, formerly part of the New York Central RR, extends from *East Syracuse* (Milepost 5.8), to *Fayetteville, N.Y.* (Milepost 9.9), a distance of 4.1 miles, in Onondaga County, New York. At East Syracuse, this line connects with the Albany-Buffalo Line of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 46).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Fayetteville	111
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Total carloads generated by the line	111
Average carloads per week	2.1
Average carloads per mile	27.1
Average carloads per train	1.9

1973 operating information:

Number of round trips per year	60
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" centered on the need for continued rail service and the potential ad-

verse affects of having to substitute motor carrier service. One company indicated that loss of rail service eventually would force it to terminate operations.

Information for Line Retention Decision

Revenue received by PC	\$40,999
Average Revenue Per Carload:	\$369
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	35,916
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	6,993
Cost incurred beyond the branch line	27,040
Total variable (avoidable) cost	69,949
Net contribution (loss): total	(28,950)
Average per carload	(260)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,200 crossties (an average of 292 crossties per mile).

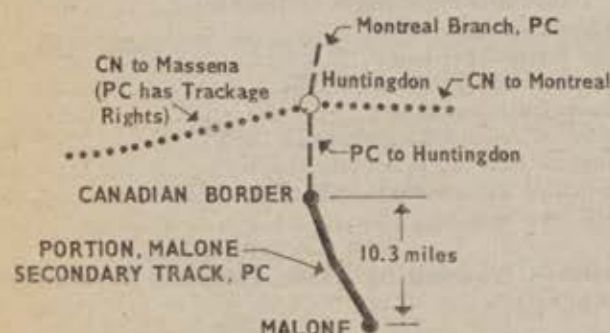
Preliminary Recommendation

It is *not* recommended that the Fayetteville Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$28,950 or \$260 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 70 per cent rate increase over the 1973 levels.

PORTION OF THE MALONE SECONDARY TRACK

USRA Line No. 87

Penn Central



This portion of the Malone Secondary Track, formerly part of the New York Central RR, extends from Malone, N.Y. (Milepost 0.0) to the Canadian Border (Milepost 10.3), a distance of 10.3 miles, in Franklin

County, N.Y. A continuation of this line extends northward across the Canadian Border to Huntingdon, Quebec where it connects with the Canadian National Railways and the Montreal Branch of the PC. The PC also operates over the CN-GT from Huntingdon to Massena, N.Y. This line was described as potentially excess in the U.S. DOT Report (see Zone 41).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line: Malone.....	430
Total carloads generated by the line:.....	480
Average carloads per week.....	9.2
Average carloads per mile.....	48.6
Average carloads per train.....	9.6
1973 operating information:	
Number of round trips per year.....	30
Estimated time per round trip (hours).....	12.0
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the loss of service over this line would adversely impact the area's agriculture industry and would limit future development. Mayor Tulloch of Malone testified that area users would be willing to pay the extra cost of keeping the line in operation.

The State of N.Y. reported that its studies show the line between Malone and Huntingdon, P.Q. generating a profit of \$16,995 on 515 carloads of traffic. The annual community loss would be \$23,060, plus \$22,482 in net local property taxes.

Information for Line Retention Decision

Revenue received by PC	\$210,718
Average revenue per carload	\$439
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	125,225
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	7,514
Cost incurred beyond the branch line	168,030
Total variable (avoidable) cost	300,769
Net contribution (loss): total	(90,051)
Average per carload	(188)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 48 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Malone Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$90,051 or \$188 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 45 per cent rate increase over the 1973 levels.

OGDENSBURG SECONDARY TRACK AND DEKALB BRANCH USRA Line No. 89a Penn Central



The Ogdensburg Secondary Track, formerly part of the New York Central RR, extends from *DeKalb Junction* (Milepost 0.0), to *Ogdensburg, N.Y.* (Milepost 19.0), and the DeKalb Branch, also formerly part of the New York Central RR, extends from end-of-track near Ogdensburg (Milepost 132.5) to Ogdensburg (Milepost 134.3), for a combined distance of 20.8 miles, in Saint Lawrence County, N.Y. At DeKalb Junction this line connects with the Massena Branch of the PC. This line was not described as potentially excess in the U.S. DOT Report (see Zone 44).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ogdensburg	2,061
DeKalb Junction	0
Heuvelton	251
Total Carloads generated by the line	2,312
Average carloads per week	44.5
Average carloads per mile	111.2
Average carloads per train	9.3
1973 Operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	5.0
Locomotive horsepower	2,000
Train crew size	3

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Diamond International Corporation uses this line and shipped or received 340 carloads of woodpulp, coal and chemicals over this line in 1973. They said that this is the only line serving this part of northern New York State. A telegram from M. O'Neill of the Diamond Corporation stated that RSPO traffic data was incorrect as the company had 1,947 cars total for 1973.

Information for Line Retention Decision

Revenue received by PC	\$747,375
Average revenue per carload	\$323
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	250,655
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	23,654
Cost incurred beyond the branch line	632,200
Total variable (avoidable) cost	\$906,509

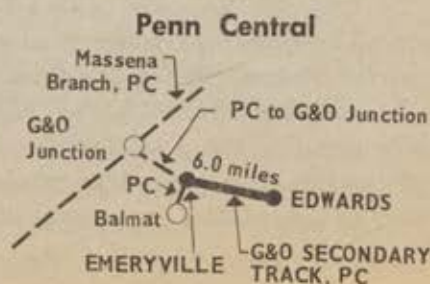
Net contribution (loss): total	(159,134)
Average per carload	(69)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 96 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Ogdensburg Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$159,134 or \$69 per carload. Recovery of costs would require approximately a 140 percent increase in traffic or a 20 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will not make the line viable.

PORTION OF THE G&O SECONDARY TRACK USRA Line No. 90 Penn Central



This portion of the G&O Secondary Track, formerly part of the New York Central RR, extends from *Emeryville* (Milepost 8.0) to *Edwards, N.Y.* (Milepost 14.0), a distance of 6.0 miles, in St. Lawrence County, N.Y. A continuation of this line runs from Emeryville to G&O Junction, near Gouverneur, N.Y. At Emeryville an industrial spur diverges. This line was described as potentially excess in the U.S. DOT Report (See Zone 44).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Edwards	350
Total carloads generated by the line.....	
Average carloads per week.....	6.7
Average carloads per mile.....	58.0
Average carloads per train.....	2.5
1973 operating information:	
Number of round trips per year.....	140
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	1,500
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the line is used to move ore concentrates. The mining operation is marginal and the loss of rail service may force cessation of operations.

Information for Line Retention Decision

Revenue received by PC.....	\$133,394
Average revenue per carload.....	\$381
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	70,565
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	6,260
Cost incurred beyond the branch line.....	96,638
Total variable (avoidable) cost.....	173,463
Net contribution (loss): total.....	(40,069)
Average per carload.....	(115)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of 250 crossties (an average of 41 crossties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the G&O Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$40,069 or \$115 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 30 percent rate increase over the 1973 levels.

LIMERICK INDUSTRIAL TRACK

USRA Line No. 92/93



The Limerick Industrial Track formerly part of the New York Central RR, extends from *Watertown* (Milepost 1.5) to *Limerick, N.Y.* (Milepost 8.8), a distance of 7.3 miles, in Jefferson County, New York. At Watertown, this line connects with the Massena Secondary Track of the Penn Central. This line was described as potentially excess in the U.S. DOT Report (see Zone 44).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Brownville	240
Limerick	123
Watertown ¹	57
Total carloads generated by the line.....	
Average carloads per week.....	8.1
Average carloads per mile.....	57.8
Average carloads per train.....	2.8
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip (hours).....	3
Locomotive horsepower.....	2,000
Train crew size.....	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that 422 families would be affected if this line were abandoned. USRA data shows that the Latex Fiber Corp. cancelled its sidetrack agreement in April 1970 and uses a PC freight house in Watertown, N.Y., for transshipment of its rail freight. While USRA identified the Pargas Co., Brownville Paper Co., and Jefferson County Highway Dept. as shippers on the line, RSPO testimony identified the J. P. Lewis Co. as an additional shipper on the line. The Brownville Paper Co. appears to use the same PC freight house in Watertown rather than its siding.

Information for Line Retention Decision

Revenue received by PC	\$171,598
Average revenue per carload	\$409
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	83,323
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)	9,896
Cost incurred beyond the branch line	115,083
Total variable (avoidance) cost	208,302
Net contribution (loss): total	(36,704)
Average per carload	(87)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,000 crossties (an average of 137 crossties per mile).

Preliminary Recommendation

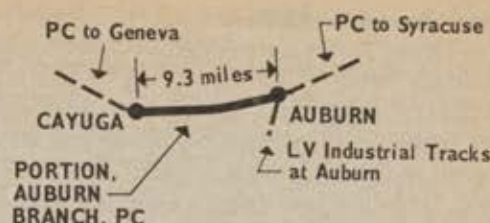
It is not recommended that the Limerick Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates a loss amounting to \$36,704 or \$87 per carload. Recovery of costs would require approximately a 65 percent increase in traffic or a 21 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF AUBURN BRANCH

USRA Line No. 95

Penn Central

This portion of the Auburn Branch, formerly part of the New York Central RR, extends from Auburn (Milepost 26.9) to Cayuga, N.Y. (Milepost 36.1), a distance of 9.2 miles, in Cayuga County, New York.



Continuations of this line extend eastward to Syracuse and westward to Geneva. The latter is also under study in this report. The Lehigh Valley RR also uses these tracks to reach industrial trackage at Auburn. In June 1973, the PC applied to the ICC for permission to abandon this line, Docket No. AB-5, Sub. 165. No final action has been taken. This line was not described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Relius	34
Total carloads generated by the line	34
Average carloads per week	0.7
Average carloads per mile	3.7
Average carloads per train	2.3
1973 operating information:	
Number of round trips per year	15
Estimated time per round trip (hours)	1.5
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office concerning this line segment.

Information for Line Retention Decision

Revenue received by PC	\$12,520
Average revenue per carload	\$368
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	61,614
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	10,329
Total variable (avoidable) cost	71,943
Net contribution (loss): total	(59,423)
Average per carload	(1,748)

This line would require no upgrading to meet requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

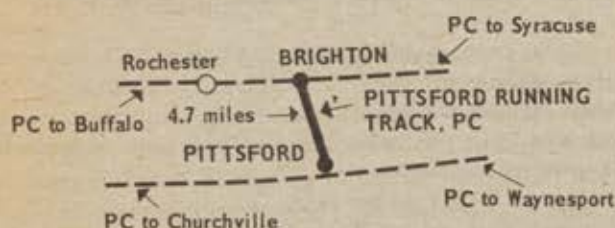
Preliminary Recommendation

It is *not* recommended that this portion of the Auburn Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$59,423 or \$1,748 per carload. Recovery of costs would require approximately a twenty-eight-fold increase in traffic or a 475 percent rate increase over the 1973 levels.

PITTSFORD RUNNING TRACK

USRA Line No. 96

Penn Central



The Pittsford Running Track, formerly part of the New York Central RR, extends from Pittsford (Milepost 93.9), to Brighton, N.Y. (Milepost 98.6), a distance of 4.7 miles, in Monroe County, New York. At Brighton, this line connects with the Albany-Buffalo line of the PC. This line was not shown in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rochester ¹	66
Pittsford ¹	135
Total carloads generated by the line	201
Average carloads per week	3.9
Average carloads per mile	42.8
Average carloads per train	2.7
1973 operating information:	
Number of round trips per year	75
Estimated time per round trip (hours)	2
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Eber Bros. Wine and Liquor and Rochester Liquor are served by a siding on the Pittsford Branch which runs from Mortimer to Fairport. Both firms said without rail service they would go out of business. The NY DOT analysis showed 1973 figures for the entire line Rochester-Pittsford of 1,062 carloads, \$67,080 community loss, \$6,531 net local property taxes, and annual profit of \$215,586. On May 25, 1974, Eber Bros. submitted, along with Rochester Liquor Corp., an exhibit to the USRA which said that the traffic of their two firms alone justified retention of the segment.

Information for Line Retention Decision

Revenue received by PC	\$115,935
Average revenue per carload	\$577
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	47,228
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	5,972
Cost incurred beyond the branch line	42,459
Total variable (avoidable) cost	95,659
Net contribution (loss): total	20,296
Average per carload	100

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 700 crossties (an average of 148 crossties per mile).

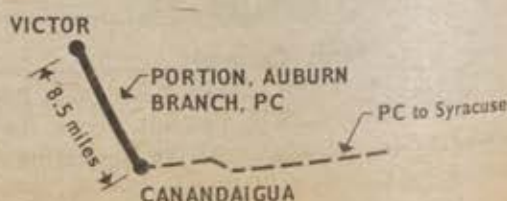
Recommendation

It is recommended that the Pittsford Running Track be included in the ConRail System.

PORTION OF THE AUBURN BRANCH

USRA Line No. 98

Penn Central



This portion of the Auburn Branch, formerly part of the New York Central RR, extends from *Canandaigua* (Milepost 76.0), to *Victor, N.Y.* (Milepost 84.5), a distance of 8.5 miles, in Ontario County, New York. A continuation of this line runs from Canandaigua to Syracuse. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Victor	239
Total carloads generated by the line.....	239
Average carloads per week.....	4.6
Average carloads per mile.....	28.1
Average carloads per train.....	4.8
1973 operating information:	
Number of round trips per year.....	50
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated concern about the potential increase in transportation costs if the shippers are forced to use motor carrier service. Testimony also stated that a building and forest products manufacturer is considering the establishment of a distribution center on this line.

Information for Line Retention Decision

Revenue received by PC.....	\$85,521
Average revenue per carload.....	\$358
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	68,726
Cost of upgrading branch line to FRA class	
I (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	70,633
Total variable (avoidable) cost.....	139,359
Net contribution class: Total.....	(53,838)
Average per carload.....	(225)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Available data indicates that, with the establishment of a proposed new firm on this line, the traffic volume may increase by 900 to 1,100 carloads annually.

Preliminary Recommendation

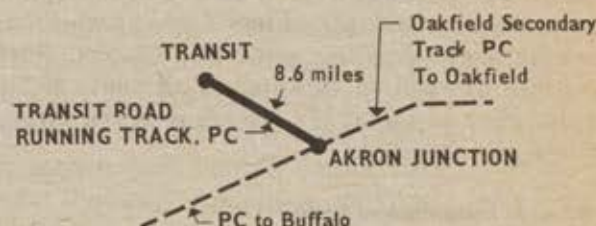
Although the preliminary recommendation is that this portion of the Auburn Branch not be included in

the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$53,838 or \$225 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 63 percent rate increase over the 1973 levels.

TRANSIT ROAD RUNNING TRACK

USRA Line No. 100-101

Penn Central



The Transit Road Running Track, formerly part of the New York Central RR, extends from *Akron Junction* (Milepost 17.9) to *Transit, N.Y.* (Milepost 26.5), a distance of 8.6 miles, in Erie County, N.Y. This line connects at Akron Junction with the Oakfield Secondary Track of the PC. In October 1972, the PC applied to the ICC for permission to abandon the portion of this line from Clarence Center (M.P. 25.0) to Transit, a distance of 1.5 miles (Docket No. AB-5, Sub. 120). No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 49).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clearance Center.....	293
Transit	19
Total carloads generated by the line.....	312
Average carloads per week.....	6.0
Average carloads per mile.....	36.3
Average carloads per train.....	2.1
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip (hours).....	4.0
Locomotive horsepower.....	1,600
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" related pri-

marily to the mislocation of Clarence Center on the Zone map.

Information for Line Retention Decision

Revenue received by PC	\$151,840
Average revenue per carload	\$486
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	97,791
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	23,565
Cost incurred beyond the branch line	76,897
Total variable (avoidable) cost	198,253
Net contribution (loss): total	(46,413)
Average per carload	(148)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,300 cross-ties (an average of 500 cross-ties per mile).

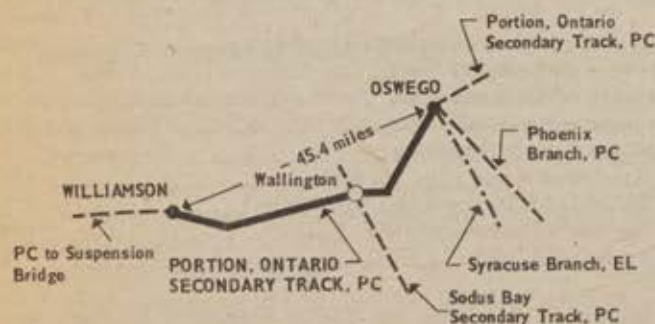
Preliminary Recommendation

It is *not* recommended that the Transit Road Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$46,413 or \$148 per carload. Recovery of costs would require approximately a 60 percent increase in traffic or a 30 percent rate increase over the 1973 levels.

PORTRION OF THE ONTARIO SECONDARY TRACK

USRA Line No. 102

Penn Central



This portion of the Ontario Secondary Track, formerly part of the New York Central RR, extends from Oswego (Milepost 26.6) to Williamson, N.Y. (Milepost 72.0), a distance of 45.4 miles, in Oswego, Cayuga

and Wayne Counties, New York. A continuation of this line runs from Oswego to Scriba (also under study in this report). At Oswego, this line connects with the Phoenix Branch of the PC and the Syracuse Branch of the EL Railway. The Sodus Bay Secondary Track of the PC (also under study in this report) intersects at Wallington. A westerly continuation of this line runs from Williamson to Suspension Bridge (also under study in this report). This line was described as potentially excess in the U.S. DOT Report (see Zones 46, 47 and 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Furniss	4
Hannibal	102
Crocketts	30
Red Creek	221
Wolcott	329
North Rose	50
Alton	41
Sodus	52
E. Williamson	72
Williamson	544

Total carloads generated by the line	1,445
Average carloads per week	27.8
Average carloads per mile	31.8
Average carloads per train	6.6
1973 operating information:	
Number of round trips per year	220
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that several firms along this line are very concerned about the potential loss of rail service to Red Creek, Hannibal and Sterling. Rochester Gas & Electric has chosen Sterling as one of two alternative sites for a new coal-fired generating station.

Information for Line Retention Decision

Revenue received by PC	\$631,661
Average revenue per carload	\$437
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	493,040
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	104,634
Cost incurred beyond the branch line	445,380
Total variable (avoidable) cost	1,043,054
Net contribution (loss): total	(411,393)
Average per carload	(285)

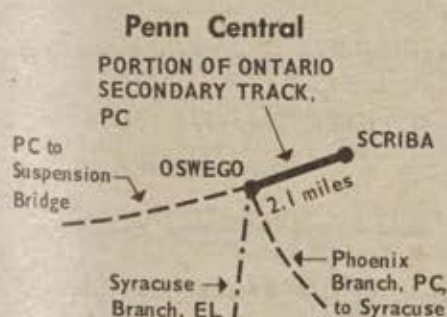
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 22,700 crossties (an average of 500 crossties per mile). The traffic potential on this line appears to depend largely on the site chosen by Rochester Gas & Electric for its proposed generating station. Available information indicates that this new plant potentially would require 90 carloads of coal per day.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Ontario Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$411,393, or \$285 per carload. Recovery of costs would require approximately a two-fold increase in traffic, or a 65 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will not make the line viable.

PORTRION OF THE ONTARIO SECONDARY TRACK

USRA Line No. 102A



This portion of the Ontario Secondary Track, formerly part of the New York Central RR, extends from Scriba (Nine-Mile Point) (Milepost 22.2), to Oswego, N.Y. (Milepost 24.3), a distance of 2.1 miles, in Oswego County, N.Y. At Oswego this line connects with the Phoenix Branch of the PC and the Syracuse Branch of the EL. A westerly continuation runs to Suspension Bridge (also under study in this Report). This line was described as potentially excess in the U.S. DOT Report (see Zone 46).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Oswego ¹	512
Total carloads generated by the line	512
Average carloads per week	9.8
Average carloads per mile	243.8
Average carloads per train	3.3
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	2.5
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Alcan Aluminum Co., located at Oswego Mill on this line, employs 801 people. Its original investment was in excess of \$100 million, and construction costing \$20 million is now underway to increase capacity of this plant.

In testimony submitted at Albany, N.Y. hearings, Clifford G. Pearson, Alcan Aluminum, confirmed construction of additional facilities at their plant. He also indicated that in 1973 they shipped 559 rail carloads and received 3,176 carloads.

Information for Line Retention Decision

Revenue received by PC	\$235,862
Average revenue per carload	\$461
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	46,735
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	5,209
Cost incurred beyond the branch line	126,215
Total variable (avoidable) cost	178,159
Net Contribution (loss): total	57,703
Average per carload	113

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which, has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 50 crossties (an average of 24 crossties per mile).

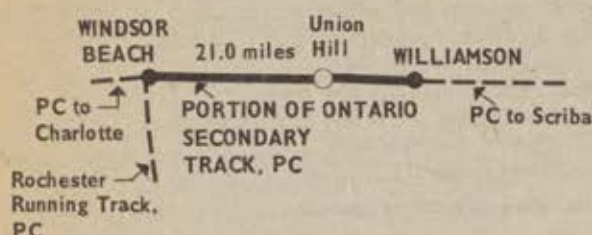
Recommendation

It is recommended that this portion of the Ontario Secondary Track be included in the ConRail System.

PORTION OF THE ONTARIO SECONDARY TRACK

USRA Line No. 103-104

Penn Central



This portion of the Ontario Secondary Track, formerly part of the New York Central RR, extends from *Williamson* (Milepost 72.0) to *Windsor Beach, N.Y.* (Milepost 93.0), a distance of 21.0 miles, in Wayne and Monroe Counties, N.Y. An easterly continuation of this line runs from *Williamson* to *Scriba* (also under study in this report). At *Windsor Beach*, this line connects with the *Rochester Running Track* of the PC (also under study in this report). A westerly continuation of this line extends from *Windsor Beach* to *Charlotte*. In August 1973, the PC applied to the ICC for permission to abandon the portion of this line from *Williamson* to *Union Hill* (Milepost 81) Docket No. AB-5, Sub. 75. No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ontario	78
Union Hill	39
Webster	217
Sea Breeze	1

Total carloads generated by the line	335
Average carloads per week	6.4
Average carloads per mile	16.0
Average carloads per train	4.2
1973 operating information:	
Number of round trips per year	80
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their report entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated a general concern about the high cost of alternative transportation and the resulting impact on the involved firms. One shipper located at Webster anticipates a substantial increase in outbound carloadings over the next few years.

Information for Line Retention Decision

Revenue received by PC	\$111,906
Average revenue per carload	\$334

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	185,511
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading Cost)	43,453
Cost incurred beyond the branch line	92,092

Total variable (avoidable) cost \$221,056

Net contribution (loss): total	(209,060)
Average per carload	(624)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 9,600 crossties (an average of 457 crossties per mile). Available data indicates anticipated traffic growth on this line of approximately 700 carloads over the next seven years.

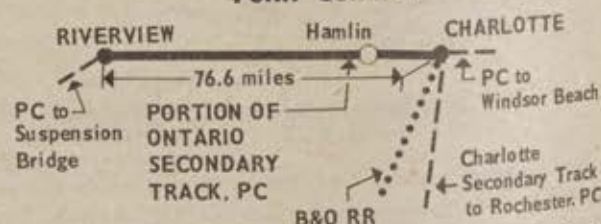
Preliminary Recommendation

It is *not* recommended that this portion of the Ontario Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$209,060 or \$624 per carload. Recovery of costs would require approximately a ten-fold increase in traffic or a 190 percent rate increase over the 1973 levels.

PORTION OF THE ONTARIO SECONDARY TRACK

USRA Line No. 105/107

Penn Central



This portion of the Ontario Secondary Track, formerly part of the New York Central RR, extends from *Charlotte* (Milepost 95.6) to *Riverview, N.Y.* (Milepost 172.2), a distance of 76.6 miles, in Monroe, Orleans and Niagara Counties, N.Y. An easterly continuation of this line runs from *Charlotte* to *Windsor Beach* and a westerly continuation runs from *Riverview* to *Suspension Bridge* (the latter also under study in this Report).

At Charlotte, this line connects with the Charlotte Secondary Track of the PC and with the B&O RR. In August 1972, the PC applied to the ICC for permission to abandon the portions of this line from Hamlin (Milepost 111.0) to Riverview, Docket No. AB-5 (Sub. No. 90). No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zones 47 and 49).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Odenbach	0
Hilton	16
Walker	1
Hamlin	598
Morton	9
Carlton	3
Waterport	24
Ashwood	0
Lyndonville	45
Millers	0
Barker	50
Appleton	2
Burt	1
Wilson	99
Elberta	8
Ransomville	196
Model City	34

Total carloads generated by the line	1,086
Average carloads per week	20.9
Average carloads per mile	14.0
Average carloads per train	10.4
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	12.0
Locomotive horsepower	1,800
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Allied Chemical, Duffy-Mott, Seneca Food Corp., and Comstock Foods shipped more than 100 carloads per year.

Information for Line Retention Decision

Revenue received by PC	\$584,330
Average revenue per carload	\$538
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	590,736
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	176,225
Cost incurred beyond the branch line	315,012
Total variable (avoidable) cost	1,080,973
Net contribution (loss): total	(506,643)
Average per carload	(467)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards. Based on available information, this upgrading would include the replacement of a total of 38,250 cross-ties (an average of 492 per mile).

Information was received indicating that Alcoa Aluminum plans to locate a plant in Lewiston, N.Y., which would ship 200 to 600 carloads per year. However, a 190 percent increase in traffic would be required for financial self-sufficiency.

Preliminary Recommendation

It is *not* recommended that this portion of the Ontario Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$506,643 or \$467 per carload.

PORTION OF THE ONTARIO SECONDARY TRACK

USRA Line No. 106

Penn Central



This portion of the Ontario Secondary Track, formerly part of the New York Central RR, extends from Riverview (Milepost 172.2) to Suspension Bridge, N.Y. (Milepost 175.4), a distance of 3.2 miles, in Niagara County, N.Y. From Riverview a continuation of this line runs to Scriba (also under study in this Report). At Suspension Bridge this line connects with the Montrose Branch, Niagara Branch and Falls Road Branch of the PC, the Grand Trunk Ry, the N&W, LV, EL, and C&O. This line was described as potentially excess in the U.S. DOT Report (see Zone 49).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Niagara Falls	1,305
Suspension Bridge	3,212

Total carloads generated by the line	4,517
Average carloads per week	86.9
Average carloads per mile	1,411.6
Average carloads per train	18.1
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	9
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information received by USRA from the State of New York and the Niagara Frontier Transportation Committee indicated that there is considerable interest in working with the railroads to rationalize the urban rail plant.

Information for Line Retention Decision

Revenue received by PC	\$2,567,037
Average revenue per carload	\$568
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	213,538
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,411
Cost incurred beyond the branch line	1,210,843
Total variable (avoidable) cost	1,428,792
Net contribution (loss): total	1,138,245
Average per carload	252

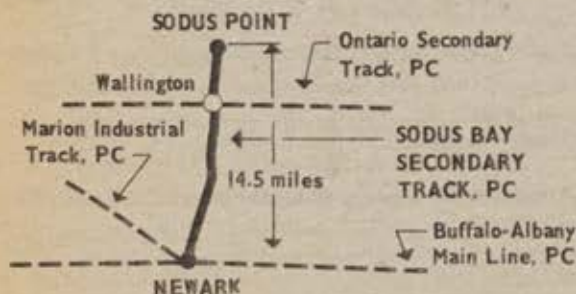
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 100 crossties (an average of 31 crossties per mile).

Recommendation

It is recommended that this portion of the Ontario Secondary Track be included in the ConRail System.

SODUS BAY SECONDARY TRACK

USRA Line No. 108



The Sodus Bay Secondary Track, formerly part of the Pennsylvania RR, extends from Newark (Milepost 18.8) to Sodus Point, N.Y. (Milepost 33.3), a distance

of 14.5 miles, in Wayne County, New York. At Wallington, this line connects with the Ontario Secondary Track of the PC (also under study in this report). At Newark, this line connects with the Marion Industrial Track of the PC (also under study in this report), and with the Buffalo-Albany line of the PC. In October 1972, the PC applied to the ICC for permission to abandon this line. Docket No. AB-5, Sub. 133. No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Sodus Center	11
Wallington	21
Sodus Point	47
Total carloads generated by the line	79
Average carloads per week	1.5
Average carloads per mile	5.5
Average carloads per train	1.6
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	4
Locomotive horsepower	600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" centered on the traffic potential of this line. In late November 1973, Genesee Brewing at Sodus Point began using rail service much more heavily.

Information for Line Retention Decision

Revenue received by PC	\$45,576
Average revenue per carload	\$577
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	112,836
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	30,342
Total variable (avoidable) cost	143,178
Net contribution (loss): total	(97,602)
Average per carload	(1,236)

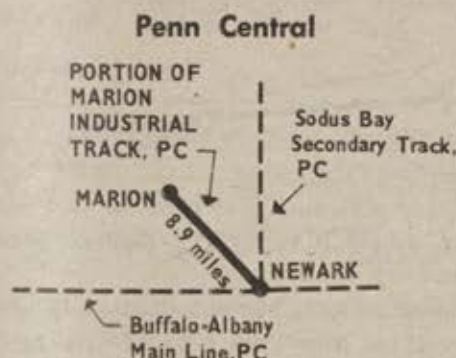
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Available data indicates that this line has experienced a large increase in traffic in 1974 due to the increased use of rail service by Genesee Brewing Company.

Preliminary Recommendation

Although the preliminary recommendation is that the Sodus Bay Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$97,602 or \$1,236 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 200 per cent rate increase over the 1973 levels.

MARION INDUSTRIAL TRACK

USRA Line No. 109-110



The Marion Industrial Track, formerly part of the Pennsylvania RR, extends from Newark (Milepost 0.0) to Marion, N.Y. (Milepost 8.9), a distance of 8.9 miles, in Wayne county, New York. At Newark, this line connects with the Buffalo-Albany Line and the Sodus Bay Secondary Track of the PC (also under study in this report). This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Marion	487
Total carloads generated by the line	487
Average carloads per week	9.4
Average carloads per mile	54.7
Average carloads per train	3.9
1973 Operating information:	
Number of round trips per year	125
Estimated time per round trip (hours)	5.0
Locomotive horsepower	600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report" concerned the potential impact on the agricultural community and the extra costs of using motor carrier service.

Information for Line Retention Decision

Revenue received by PC	\$197,051
Average revenue per carload	\$405
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	105,804
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	53,643
Cost incurred beyond the branch line	140,600
Total variable (avoidable) cost	300,047
Net contribution (loss): total	(102,996)
Average per carload	(211)

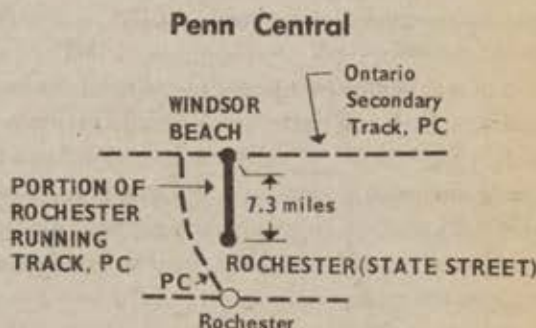
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,340 crossties (an average of 600 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Marion Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$102,996 or \$211 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 50 percent rate increase over the 1973 levels.

ROCHESTER RUNNING TRACK

USRA Line No. 111



The Rochester Running Track, formerly part of the New York Central RR, extends from Windsor Beach (Milepost 0.0) to Rochester, N.Y. (Milepost 7.3), a distance of 7.3 miles, in Monroe County, N.Y. At Wind-

sor Beach this line connects with the Ontario Secondary Track of the PC of which the portion to the east is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rochester ¹	404
Total carloads generated by the line	404
Average carloads per week	7.8
Average carloads per mile	55.3
Average carloads per train	3.9
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	8
Locomotive horsepower	3,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff has found that the Rochester Gas & Electric power plant at M.P. 7.0 converted five of its six boilers to oil in mid-1973.

Information for Line Retention Decision

Revenue received by PC	\$134,010
Average revenue per carload	\$332
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	125,652
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	24,719
Cost incurred beyond the branch line	68,092
Total variable (avoidable) cost	218,463
Net contribution (loss): Total	(84,453)
Average per carload	(209)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,650 crossties (an average of 500 crossties per mile).

Preliminary Recommendation

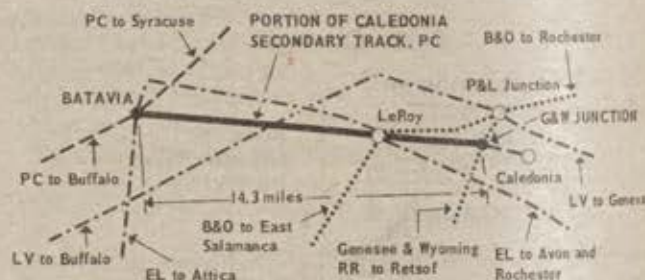
It is not recommended that the Rochester Running Track be included in the ConRail System. Continued operation of this line would require a rail service con-

tinuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$84,453 or \$209 per carload. Recovery of costs would require approximately a 130 percent increase in traffic or a 60 percent rate increase over the 1973 levels. The final recommendation for this line requires additional information concerning the long-run use of coal at the Rochester Gas and Electric plant served by this line.

PORTION OF THE CALEDONIA SECONDARY TRACK

USRA Line 112

Penn Central



This portion of the Caledonia Secondary Track, formerly part of the New York Central RR, extends from Caledonia (Milepost 32.7) to Batavia, N.Y. (Milepost 49.0), a distance of 16.3 miles, in Genesee and Livingston Counties, N.Y. At Batavia, this line connects with the Buffalo-Albany Line of the PC, and the Erie Lackawanna Attica Branch. At LeRoy, this line connects with the B&O Railroad and the Erie Lackawanna Attica Branch. At G&W Junction, this line connects with the Genesee & Wyoming Railroad. This line, except for small portions near Batavia and near G&W Junction, was described as potentially excess in the U.S. DOT Report (see Zones 47 and 48).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Caledonia	8,062
Le Roy	307
Stafford	10
Total carloads generated by the line	8,400
Average carloads per week	161.7
Average carloads per mile	516
Average carloads per train	24.0
1973 operating information:	
Number of round trips per year	350
Estimated time per round trip (hours)	5
Locomotive horsepower	1,600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$3,336,058
Average revenue per carload	\$397
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	301,205
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	27,125
Cost incurred beyond the branch line	2,331,117
Total variable (avoidable) cost	2,659,447
Net contribution (loss): total	676,611
Average per carload	80

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 5,600 crossties (an average of 392 crossties per mile).

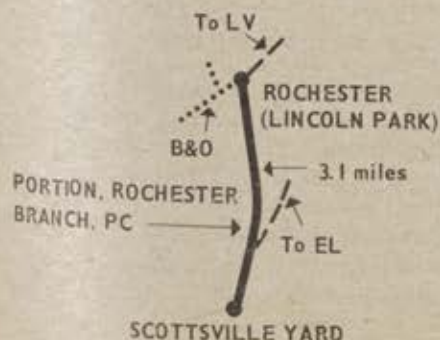
Recommendation

It is recommended that this portion of the Caledonia Secondary Track be included in the ConRail System.

PORTION OF THE ROCHESTER BRANCH

USRA Line No. 114a

Penn Central



This portion of the Rochester Branch, formerly part of the Pennsylvania RR, extends from Rochester (Milepost 0.0) to Scottsville Yard, N.Y. (Milepost 3.1), a

distance of 3.1 miles, in Monroe County, N.Y. This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rochester ¹	264
------------------------	-----

Total carloads generated by the line	264
Average carloads per week	5.1
Average carloads per mile	85.2
Average carloads per train	2.5
1973 Operating Information:	
Number of round trips per year	104
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$76,669
Average revenue per carload	\$290
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	53,480
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	55,872
Total variable (avoidable) cost	109,352
Net Contribution (loss): Total	(32,683)
Average per carload	(124)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I Track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is not recommended that this portion of the Rochester Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$32,683 or \$124 per carload. Recovery of costs would require approximately a 160 percent increase in traffic or a 45 percent rate increase over the 1973 levels.

WALLKILL VALLEY BRANCH

USRA Line No. 136

Penn Central



The Wallkill Valley Branch, formerly part of the New York Central RR, extends from *Kingston* (Milepost 0.0) to *Montgomery, N.Y.* (Milepost 33.0), a distance of 33.0 miles, in Ulster and Orange Counties, N.Y. At *Kingston*, this line connects with the River Line and the Catskill Mountain Branch of the PC. The latter is also under study in this report. At *Montgomery*, this line connects with the EL line to Campbell Hall. This line was described as potentially excess in the U.S. DOT Report (see Zone 56).

Information Provided by R5PO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that most products shipped over this line are bulk commodities traveling long distances, therefore requiring rail service. A lumber company located at *Walden* registered a substantial increase in rail traffic in 1973 over its 1972 shipments. A paper products company, also located at *Walden*, has indicated plans to open a new plant, contingent on the availability of rail service, which will generate approximately 600 carloads per year.

Information for Line Retention Decision

This line is required for through freight service; therefore, local rail service will be provided to all shippers.

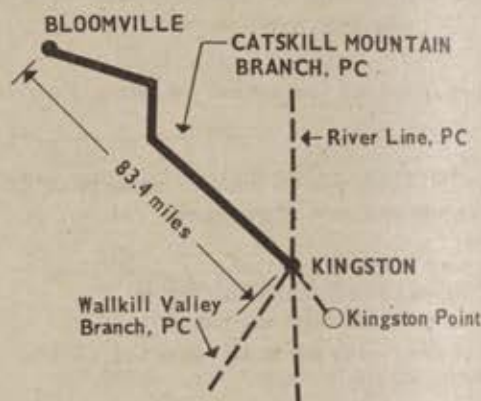
Recommendation

It is recommended that this portion of the Wallkill Valley Branch be included in the ConRail System.

CATSKILL MOUNTAIN BRANCH

USRA Line No. 137

Penn Central



The Catskill Mountain Branch, formerly part of the New York Central RR, extends from *Kingston* (Milepost 2.9) to *Bloomville, N.Y.* (Milepost 86.3), a distance of 83.4 miles, in Ulster, Delaware and Schoharie Counties, New York. At *Kingston*, this branch connects with the River Line and the Wallkill Valley Branch of the PC. The latter is also under study in this report. In April 1972, the PC applied to the ICC for permission to abandon this branch (Docket No. AB-5, Sub. 10). In August, 1974, the PC applied to the USRA for permission to abandon the branch (Docket No. 75-11). No final action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zones 54 and 56).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

W. Hurley	0
Phoenicia	2
Grand Hotel	0
Fleischmanns	42
Arkville	7
Halcottville	1
Roxbury	346
Grand Gorge	23
Stamford	330
Hobart	3
South Kortright	87
Bloomville	6

Total carloads generated by the line	847
Average carloads per week	16.3
Average carloads per mile	10.1
Average carloads per train	4.7
1973 operating information:	
Number of round trips per year	180
Estimated time per round trip (hours)	11.5
Locomotive horsepower	1,800
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that further elimination of rail access might destroy the economic viability of certain key industries, agriculture in particular. Assemblyman George J. Farrell noted that there are several light industrial firms along this route which provide vital jobs and tax income for this economically depressed region. The State of N.Y. DOT reported that this line operated at a loss of \$126,000 on 900 carloads of traffic between Kingston and Stamford. If the line were abandoned, the community loss would be \$91,611 annually, while the property tax loss would amount to \$72,000.

Information for Line Retention Decision

Revenue received by PC.....	\$401,715
Average revenue per carload.....	\$474
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	672,431
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	97,579
Cost incurred beyond the branch line.....	326,107
Total variable (avoidable) cost.....	1,096,117
Net contribution (loss): total.....	(694,402)
Average per carload.....	(819)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 18,000 crossties (an average of 215 crossties per mile).

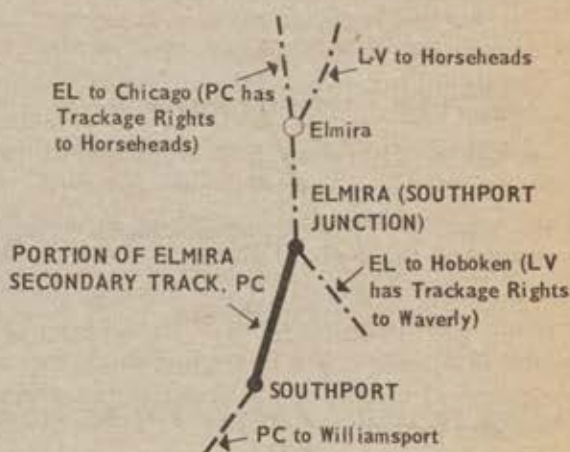
Preliminary Recommendation

It is not recommended that the Catskill Mountain Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$694,402 or \$819 per carload. Recovery of costs would require approximately a nine-fold increase in traffic or a 170 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF THE ELMIRA SECONDARY TRACK

USRA Line No. 230a

Penn Central



This portion of the Elmira Secondary Track, formerly part of the Pennsylvania RR, extends from *Southport* (Milepost 74.0) to *Elmira* (*Southport Junction*), N.Y. (Milepost 76.5), a distance of 2.5 miles in Chemung County, N.Y. At Elmira, this line connects with the Jersey City-to-Chicago Line of the EL over which PC has trackage rights to Horseheads. From Southport, this line continues to Williamsport (also under study in this Report). LV also serves Elmira and Horseheads via trackage rights over the EL from Waverly. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Elmira Southport ¹	48
Total carloads generated by the line.....	48
Average carloads per week.....	0.9
Average carloads per mile.....	19.2
Average carloads per train.....	0.9
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	1.0
Locomotive horsepower.....	2,000
Train crew size.....	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$17,802
Average revenue per carload	\$371

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	24,011
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	2,848
Cost incurred beyond the branch line	7,897

Total variable (avoidable) cost 34,756

Net contribution (loss): total	(16,954)
Average per carload	(353)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 800 cross-ties (an average of 320 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Elmira Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$16,954 or \$353 per carload. Recovery of costs would require approximately a 170 percent increase in traffic or a 95 percent rate increase over the 1973 levels.

PORTION OF THE WATKINS GLEN SECONDARY TRACK

USRA Line No. 231

Penn Central



This portion of the Watkins Glen Secondary Track, formerly part of the Pennsylvania RR, extends from Horseheads (Milepost 0.0) to Watkins Glen, N.Y.

(Milepost 17.4), a distance of 17.4 miles, in Chemung and Schuyler Counties, N.Y. A northerly continuation of this line runs from Watkins Glen to Starkey (also under study in this Report). This line connects with a PC line which runs from Horseheads to Southport (Elmira), via trackage rights over EL. The line from Junction to Southport is also under study on this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Horseheads	880
Millport	1
Montour Falls	73
Watkins Glen	3,244
Seneca Lake	6,358

Total carloads generated by the line	10,556
Average carloads per week	203.0
Average carloads per mile	606.7
Average carloads per train	44.0

1973 operating information:

Number of round trips per year	240
Estimated time per round trip (hours)	10.5
Locomotive horsepower	4,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Westinghouse Electric employs over 2,000 persons at the Horseheads plant and plans to build a siding at Elmira. Thatcher Glass claimed it gets excellent service from the Erie Lackawanna, but that Penn Central is not able to provide enough cars on time. The State of New York stated that Horseheads to Himrod Jct. track generated \$683,634 in annual profit.

Information for Line Retention Decision

Revenue received by PC	\$3,846,874
Average revenue per carload	\$364

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	499,003
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	2,485,824

Total variable (avoidable) cost 2,984,827

Net contribution (loss): total	862,047
Average per carload	82

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Available data indicates that this line has near term traffic growth potential.

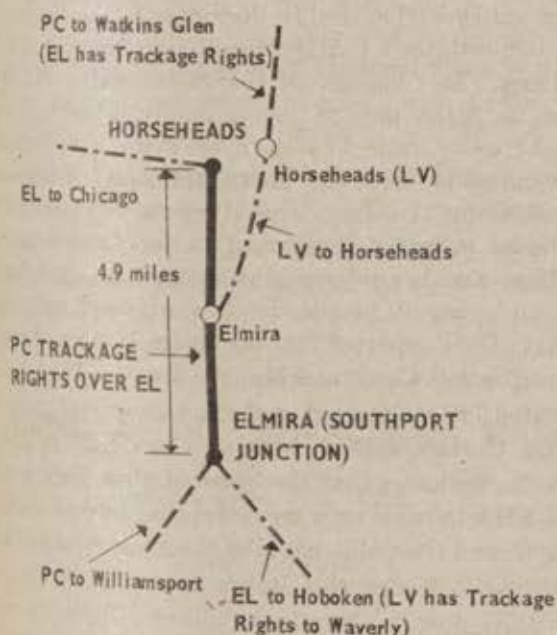
Recommendation

It is recommended that service to this portion of Watkins Glen Secondary Track, be assumed by the successor to the present EL (See Chapter 3). If transfer of this service cannot be accomplished, then ConRail will provide the service.

PORTION OF THE ELMIRA-HORSEHEADS LINE

USRA Line No. 231a

Penn Central



This portion of the Elmira-Horseheads Line, which involves trackage rights over the Erie Lackawanna Ry., Chicago-Jersey City line, extends from Elmira (Southport Junction) (Milepost 271.9) to Horseheads, N.Y. (Milepost 276.8), a distance of 4.9 miles, in Chemung County, N.Y. At Horseheads, this section of trackage connects with the Watkins Glen Secondary Track of the PC over which EL has trackage rights (also under study in this Report) and with the Chicago-Jersey City line of the Erie Lackawanna Ry. westward. At Elmira (Southport Junction), this line connects with the Elmira Secondary Track of the PC to Williamsport (also under study in this Report) and with the Chicago-Jersey City line of the EL eastward. This line was not described as potentially excess in the U.S. DOT Report (see Zone 52).

Information Provided by RSPO, Shipping, Government Agencies

Information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Trackage rights over this portion of the EL are used to serve USRA Segment 230a. The Preliminary Recommendation for Segment 230a is that it not be included in the ConRail System.

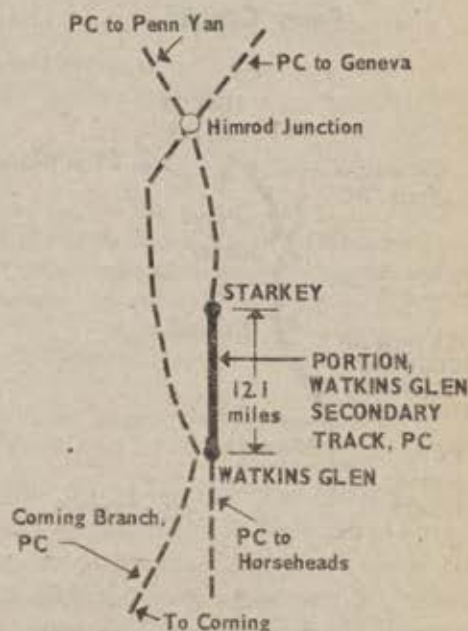
Preliminary Recommendation

It is *not* recommended that trackage rights over this portion of the Erie Lackawanna be included in the ConRail System.

PORTION OF THE WATKINS GLEN SECONDARY TRACK

USRA Line No. 231b

Penn Central



This portion of the Watkins Glen Secondary Track, formerly part of the Pennsylvania RR, extends from Watkins Glen (Milepost 17.4) to Starkey, N.Y. (Milepost 29.5), a distance of 12.1 miles, in Yates and Schuyler Counties, N.Y. Continuations of this line run from Starkey to Himrod Junction and from Watkins Glen to Horseheads. The latter is also under study in this Report. The Corning Branch of the PC runs through

Watkins Glen, but it does not connect with this portion of the Watkins Glen Secondary Track. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

No shippers are served directly by this line. The adjoining segments can be served without using this segment.

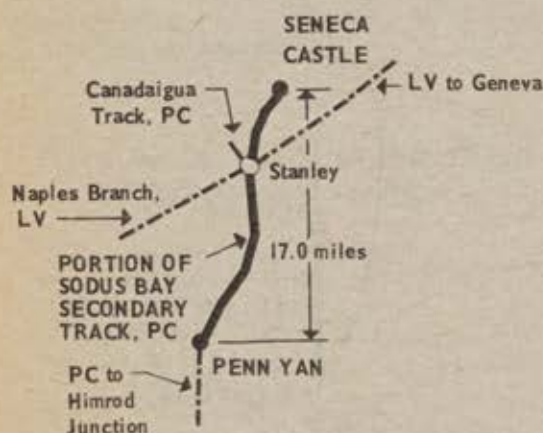
Preliminary Recommendation

It is *not* recommended that this portion of the Watkins Glen Secondary Track be included in the ConRail System.

PORTION OF THE SODUS BAY SECONDARY TRACK

USRA Line No. 233/234

Penn Central



This portion of the Sodus Bay Secondary Track, formerly part of the Pennsylvania RR, extends from Seneca Castle (Milepost 4.9) to Penn Yan, N.Y. (Milepost 40.0), a distance of 17.0 miles, in Yates and Ontario Counties, N.Y. (The mileposts are drawn from two different Milepost series; 17.0 miles is the actual distance.) A continuation of this line runs south from Penn Yan to Himrod Junction. At Stanley, this line connects with the Naples Branch of the LV and the Canadaigua Track of the PC. Both are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Bellona	52
Hall	74
Seneca Castle	77
Penn Yan ¹	321
Stanley ¹	37

Total carloads generated by the line	561
Average carloads per week	10.8
Average carloads per mile	3.3
Average carloads per train	5.6
1973 Operating Information:	
Number of round trips per year	100
Estimated time per round trip (hours)	5.0
Locomotive horsepower	4,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their report entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Penn Yan Chamber of Commerce stated 477 area farms use 12,000 tons of lime annually, all of which is brought in by rail. The town of Penn Yan handled 6,000 carloads in 1973. There are eleven businesses located along this line. The Heywood Wakefield Co. purchased property in Penn Yan for manufacturing furniture and is projecting an estimated 140 carloads and employing 70 people. In its analysis of rail lines, the N.Y. DOT reported that the entire 24 miles of track between Seneca Castle and Himrod Jct. (via Penn Yan) generated 745 carloads of traffic and an annual profit of \$52,026. Correspondence addressed to USRA in January 1975, indicates that the State of New York would like USRA to consider a service option between February 26th and the publication of the Final System Plan in late July. Under the State's option, Penn Central (ConRail) would operate the Stanley-Rushville segments of the Lehigh Valley Naples branch. Stanley is located at Milepost 52, 12 miles north of Penn Yan, and 5 miles south of Seneca Castle.

Information for Line Retention Decision

Revenue received by PC	\$281,945
Average revenue per carload	\$503
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	163,285
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	187,053
Total variable (avoidable) cost	350,338
Net contribution (loss): total	(18,393)
Average per carload	(33)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although service to the entire line generates a loss, service to the line from Milepost 40.0 to Milepost 40.5 (serving certain shippers at Penn Yan who generated 321 carloads in 1973) would generate \$152,598 in revenue and \$93,453 in costs with a resulting net contribution of \$59,145 or \$184 per carload.

Recommendation

It is recommended that the portion of the Sodus Bay Secondary Track from Milepost 40.0 to Milepost 40.5 be included in the ConRail System.

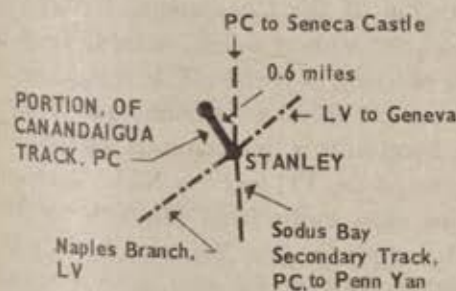
Preliminary Recommendation

It is *not* recommended that the portion of the Sodus Bay Secondary Track from Milepost 40.5 to Milepost 49 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$77,538 or \$323 per carload. Recovery of costs would require approximately a 110 percent increase in traffic or a 60 percent rate increase over the 1973 levels.

PORTION OF THE CANANDAIGUA TRACK

USRA Line No. 238

Penn Central



This portion of the Canandaigua Track, formerly part of the Pennsylvania RR, extends from Milepost 52.2 to Milepost 52.8, a distance of 0.6 mile, at Stanley, Ontario County, N.Y. At Stanley, this line connects with the Sodus Bay Secondary Track of the PC and the Naples Branch of the LV, both of which are also

under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Stanley ¹	34
Total carloads generated by the line	34
Average carloads per week	0.7
Average carloads per mile	56.7
Average carloads per train	0.7
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	0.5
Locomotive horsepower	4,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$27,231
Average revenue per carload	\$800
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	8,329
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	1,084
Cost incurred beyond the branch line	11,745
Total variable (avoidable) cost	21,158
Net contribution (loss): total	6,073
Average per carload	178

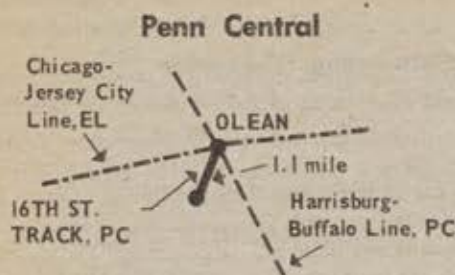
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 150 cross-ties (an average of 250 cross-ties per mile). This line is served via USRA Segment 233 which generated a loss of \$77,538. The Preliminary Recommendation is that Segment 233 not be included in the ConRail System.

Recommendation

It is *not* recommended that this portion of the Canandaigua Track be included in the ConRail System.

16TH STREET TRACK

USRA Line No. 246



The 16th Street Track, formerly part of the Pennsylvania RR, extends for a distance of 1.1 miles at Olean, N.Y. It is located in Cattaraugus County, New York. At Olean it connects with the PC Harrisburg, Buffalo line. In June 1973, the PC applied to the ICC for permission to abandon this line (Docket No. AB-5, Sub. 162). In December 1974, a similar application was made to the U.S. Railway Association. No action has been taken on either application. This line was not described as potentially excess in the U.S. DOT Report (see Zone 50).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Olean ¹	50
Total carloads generated by the line	50
Average carloads per week	1.0
Average carloads per mile	45.5
Average carloads per train	1
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	0.5
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$24,558
Average revenue per carload	\$491
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	11,926
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	9,586
Cost incurred beyond the branch line	12,152
Total variable (avoidable) cost	33,664
Net contribution (loss): total	(9,106)
Average per carload	(182)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 100 crossties (an average of 91 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the 16th Street track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$9,106 or \$182 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 35 percent rate increase over the 1973 levels.

PORTION OF THE CHAUTAUQUA BRANCH

USRA Line No. 248

Penn Central



This portion of the Chautauqua Branch, formerly part of the Pennsylvania RR, extends from Brocton (Milepost 51.0) to Mayville, N.Y. (Milepost 65.0), a distance of 14.0 miles, in Chautauqua County, New York. At Brocton this line connects with the Chicago-Buffalo lines of the PC and the N&W. A continuation of this line runs south from Mayville to Corry, Pa. (also under study in this Report). In July 1972, the PC applied to the ICC for permission to abandon this line (Docket No. AB-5, Sub. 79). In September 1974, the PC applied to the USRA to abandon this line (USRA Docket No. 75-38). No action has been taken on either application. This line, with the exception of the southernmost portion of the line, was not described as potentially excess in the U.S. DOT Report (see Zone 50).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Brocton ¹	14
Total carloads generated by the line	
Average carloads per week	0.3
Average carloads per mile	1.0
Average carloads per train	0.5
1973 operating information:	
No. of round trips per year	28
Estimated time per round trip (hours)	5.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$5,680
Average revenue per carload	\$406
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	96,738
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,568
Total variable (avoidable) cost	98,306
Net contribution (loss): total	(92,626)
Average per carload	(6,616)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Roy B. Campbell, director of Southern Tier West, the Regional Planning and Development Board of Allegany, Cattaraugus and Chautauque Counties, wrote to USRA on November 1, 1974 protesting the abandonment. He said that Niagara-Mohawk Power plans to build a new coal-fired furnace near Dunkirk and that it would be "prudent" to retain rail connections into Corry, Pa. for possible future use.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Chautauque Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$92,626 or

6,616 per carload. Recovery of costs would require approximately a twenty-three-fold increase in traffic or a 1,630 per cent rate increase over the 1973 levels.

PORTION OF THE VALLEY BRANCH

USRA Line No. 258



This portion of the Valley Branch, formerly part of the New York Central RR, extends from Dunkirk (Milepost 0.0) to Fredonia, N.Y. (Milepost 3.1), a distance of 3.1 miles, in Chautauque County, N.Y. At Dunkirk, this line connects with the EL line that runs from Dunkirk to Salamanca and with the Chicago-Buffalo lines of the PC and the N&W. This line was described as potentially excess in the U.S. DOT Report (see Zone 50).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Fredonia	509
Dunkirk ¹	1102
Total carloads generated by the line	
Average carloads per week	30.9
Average carloads per mile	519.7
Average carloads per train	10.7
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	4

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Fredonia Mayor Charles St. George indicated that the city could not deal with the volume of trucks that would be required if rail service were abandoned. The Dunkirk Chamber of Commerce said that the Valley Branch is the lifeline of Chautauque County. The analysis prepared by N.Y. DOT showed 453 carloads in 1973, \$4,775 community loss, \$4,647 local taxes, and \$57,984 for the Valley Branch.

Information for Line Retention Decision

Revenue received by PC	\$632,750
Average revenue per carload	\$392
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	82,667
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	7,089
Cost incurred beyond the branch line	409,846
Total variable (avoidable) cost	499,602
Net contribution (loss): total	133,148
Average per carload	83

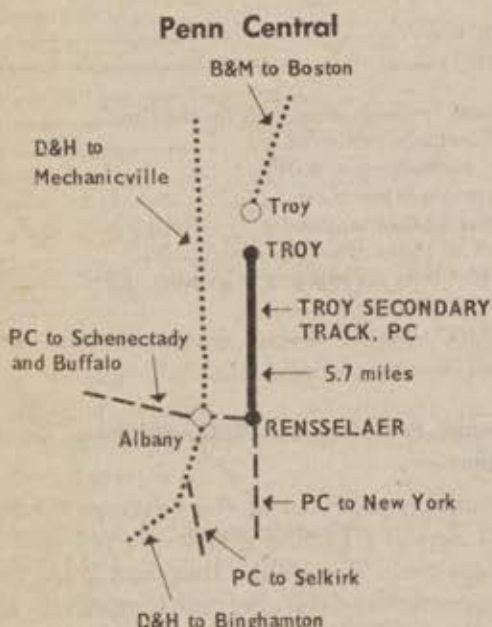
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,550 crossties (an average of 500 crossties per mile).

Recommendation

It is recommended that this portion of the Valley Branch be included in the ConRail System.

TROY SECONDARY TRACK

USRA Line No. 666



The Troy Secondary Track, formerly part of the New York Central RR, extends from Rensselaer (Milepost 142.9) to Troy, N.Y. (Milepost 5.7), a distance of 5.0 miles, in Rensselaer County, New York. At Rensselaer, this line connects with the Hudson Line and the Buffalo-Albany Line of the PC. The D&H operates over this line pursuant to a trackage rights agreement

with the PC, in route from Albany. The B&M also enters Troy from the northeast, but the connection through Troy Union Station has been broken. This line was not described as potentially excess in the U.S. DOT Report (see Zone 42).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Troy ¹	1,111
Total carloads generated by the line	1,111
Average carloads per week	21.4
Average carloads per mile	198.4
Average carloads per train	7.3
1973 operating information:	
Number of round trips per year	130
Estimated time per round trip (hours)	6
Locomotive horsepower	1,294
Train crew size	5

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The New York State Department of Transportation submitted a special study indicating that this line segment of 5.7 miles has an annual profit of \$899,248 with a carload count of 1,588. Loss in service would result in an annual community loss of \$18,394.00 and net local property taxes of \$7,159.

Information for Line Retention Decision

Revenue received by PC	\$501,717
Average revenue per carload	\$444
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	98,546
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	6,276
Cost incurred beyond the branch line	301,019
Total variable (avoidable) cost	405,841
Net contribution (loss) total	95,876
Average per carload	85

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 950 crossties (an average of 190 crossties per mile).

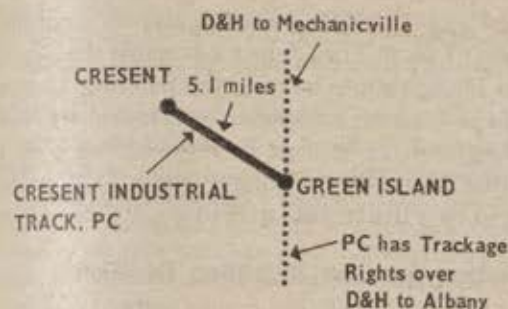
Recommendation

It is recommended that the Troy Secondary Track be included in the ConRail System.

CRESCENT INDUSTRIAL TRACK

USRA Line No. 666a

Penn Central



The Crescent Industrial Track, formerly part of the New York Central RR, extends from *Crescent* (Milepost 15.4) to *Green Island, NY* (Milepost 20.5), a distance of 5.1 miles, in Albany County, New York. At Green Island, this line connects with the D&H Ry running in a northerly direction to Mechanicville and with the PC line to Albany via trackage rights over the D&H. This line was described as potentially excess in the U.S. DOT Report (see Zone 42).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cohoes	60
Crescent	223
Troy ¹	119
Green Island ¹	12
Total carloads generated by the line	414
Average carloads per week	8.0
Average carloads per mile	81.1
Average carloads per train	4.1
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	6.0
Locomotive horsepower	600
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that according to the Industrial and Commercial User Survey, a tractor distribution center along this line would go out of business and cause a loss of 100 jobs if rail service is discontinued on the line. A large industrial park on the line would also be adversely affected.

The NY DOT analysis, using 1973 figures, shows 553 carloads, \$6,838 community loss, \$6,656 net local property taxes, and annual profit of \$25,438.

Information for Line Retention Decision

Revenue received by PC	\$120,299
Average revenue per carload	\$291
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	81,564
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	93,850
Total variable (avoidable cost)	175,414
Net contribution (loss): total	(55,115)
Average per carload	(133)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

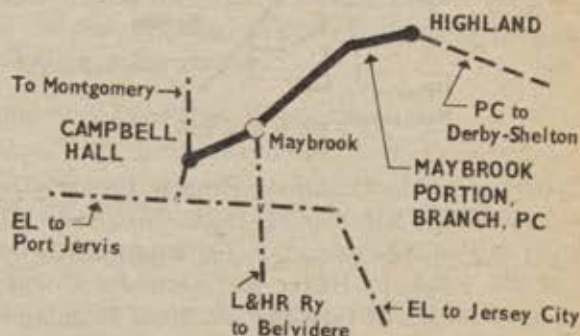
Preliminary Recommendation

Although the preliminary recommendation is that the Crescent Industrial Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$55,115 or \$133 per carload. Recovery of costs would require approximately a twofold increase in traffic or a 45-percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will not make the line viable.

PORTION OF THE MAYBROOK BRANCH

USRA Line No. 667

Penn Central



This portion of the Maybrook Branch, formerly part of the New Haven RR, extends from *Campbell Hall* (Milepost 0.0) to *Highland, N.Y.* (Milepost 28.0), a

distance of 28.0 miles, in Ulster and Orange Counties, N.Y. At Campbell Hall, this line connects with the EL Ry. Montgomery Branch. At Maybrook (Milepost 2.8), it connects with the L&HR Ry. A continuation of this line runs from Highland to Derby-Shelton. (Also under study in this Report from Highland to Hopewell Junction.) This line was not described as potentially excess in the U.S. DOT Report (see Zone 56).

Information Provided by RSPO, Shippers, Government Agencies

No specific information was provided for this line at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." For comments on the overall potential of this route as a through line to and from New England, see the discussion under line No. 668.

Information for Line Retention Decision

This line is required for through freight service; therefore, local rail service will be provided to all shippers located on the line.

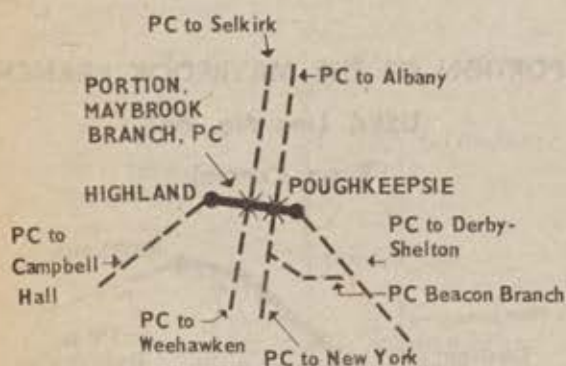
Recommendation

It is recommended that this portion of the Maybrook Branch be included in the ConRail System.

PORTION OF THE MAYBROOK BRANCH

USRA Line No. 668

Penn Central



This portion of the Maybrook Branch, formerly part of the New Haven RR, extends from *Highland* (Milepost 28.0) to *Poughkeepsie, N.Y.* (Milepost 29.5), a distance of 1.5 miles, in Ulster and Dutchess Counties, N.Y. Continuations of this line run from Highland to Campbell Hall (also under study in this Report) and from Poughkeepsie to Derby-Shelton. (Under study in this Report from Poughkeepsie to Hopewell Jct.) This line was not described as potentially excess in the U.S. DOT Report (see Zone 56).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the state of New York felt it advisable that the Poughkeepsie Bridge route be retained pending an investigation of the need for competitive rail service to and from New England, as well as to relieve congestion on the Northeast Corridor passenger route. The bridge was damaged by a fire in 1974 and presently is out of service.

Information for Line Retention Decision

This line is required for through freight service; therefore, local rail service will be provided to all shippers located on the line.

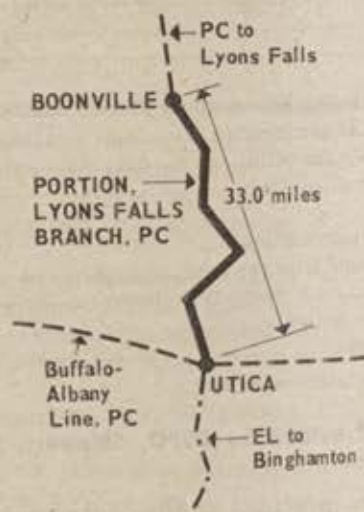
Recommendation

It is recommended that this portion of the Maybrook Branch be included in the ConRail System.

PORTION OF THE LYONS FALLS BRANCH

USRA Line No. 669

Penn Central



This portion of the Lyons Falls Branch, formerly part of the New York Central RR, extends from *Utica* (Milepost 2.0) to *Boonville, N.Y.* (Milepost 35.0), a distance of 33.0 miles, in Oneida County, N.Y. A continuation of this line runs in a northerly direction from Boonville to Lyons Falls (also under study in this Report). At Utica, this line connects with the Buffalo-Albany line of the PC and with the EL Utica Branch to Binghamton. This line was not described as potentially excess in the U.S. DOT Report (see Zone 45).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Marcy	142
Holland Patent	59
Barneveld	2
Remsen	1
Boonville	795
Utica ¹	38

Total carloads generated by the line	1,037
Average carloads per week	19.9
Average carloads per mile	31.4
Average carloads per train	4.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	7.0
Locomotive horsepower	2,000
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Studies by the State of New York DOT lead the state to estimate that the 45-mile-long Lyons Falls-Utica segment generates 3,100 carloads and an annual profit of \$291,400. If abandonment were to occur, the N.Y. DOT study indicated an annual community loss of \$58,063 and net local property tax losses of \$56,520. Correspondence received by USRA from Arthur Mengel of the Black River-St. Lawrence Economic Development Commission indicates that the commission is studying the impact of a loss of rail access for Georgia Pacific, Burrows Paper, Latex Fibres, Kraft Foods, AMF, Climax Manufacturing and other facilities located in Lewis County. Analysis of shipper locations by USRA led to the identification of 14 potential patrons on this line segment at Utica (2 patrons) Marcy (1), Holland Patent (1), Barneveld (1), Remsen (2), and Boonville (7). Georgia Pacific is actually located on line segment 79 (Boonville to Lyons Falls).

Information for Line Retention Decision

Revenue received by PC	\$271,946
Average revenue per carload	\$262
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	339,260
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	23,841
Cost incurred beyond the branch line	207,379
Total variable (avoidable) cost	570,480
Net contribution (loss): total	(298,534)
Average per carload	(287)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 60 crossties per mile).

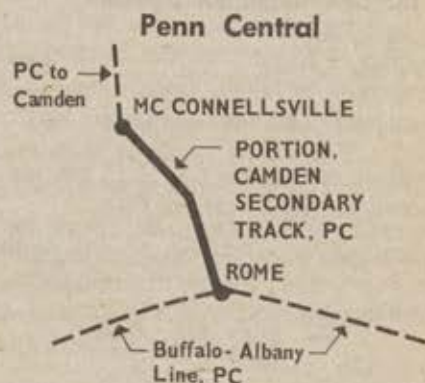
Although this line generates a loss amounting to \$298,534, USRA segment 79, which is served via this line, generates a net contribution of \$224,733. A rate increase of 7 percent above the 1973 levels would enable financial self-sufficiency.

Recommendation

It is recommended that this portion of the Lyons Falls Branch be included in the ConRail System.

PORTRION OF THE CAMDEN SECONDARY TRACK

USRA Line No. 670



This portion of the Camden Secondary Track, formerly part of the New York Central RR, extends from McConnellsville (Milepost 28.0), to Rome, N.Y. (Milepost 39.9), a distance of 11.9 miles, in Oneida County, New York. A continuation of this line runs in a northwesterly direction from McConnellsville to Camden (also under study in this Report). At Rome, this line connects with the Buffalo-Albany Line of the PC. This line was not described as potentially excess in the U.S. DOT Report (see Zone 45).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Humaston	1
McConnellsville	651
Total carloads generated by the line	652

Average carloads per week	12.5
Average carloads per mile	54.8
Average carloads per train	8.2
1973 operating information:	
Number of round trips per year	80
Estimated time per round trip (hours)	6
Locomotive horsepower	1,600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Whitehead Brothers, a firm engaged in producing industrial sand, said that loss of rail service would affect their ability to compete and would lose some customers. Another sand producer, G. W. Bryant Core Sands, said it would use rail more if it could get more cars. Mohawk Valley Wholesale Grocers said abandonment would be "injurious" and could force it to lose business and perhaps relocate.

The NY DOT branch line analysis shows that the whole branch from Rome up through McConnellsville to Camden handled 1007 carloads in 1973, was 21.2 miles long, constituted \$26,624 in net local property taxes, made an annual profit of \$55,385, and the loss to the community would amount to \$27,353.

Information for Line Retention Decision

Revenue received by PC.....	\$245,001
Average revenue per carload.....	\$376
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	133,135
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)....	10,866
Cost incurred beyond the branch line.....	132,976
Total variable (avoidable) cost.....	276,977
Net contribution (loss): total.....	(31,976)
Average per carload.....	(49)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,650 cross-ties (an average of 139 cross-ties per mile).

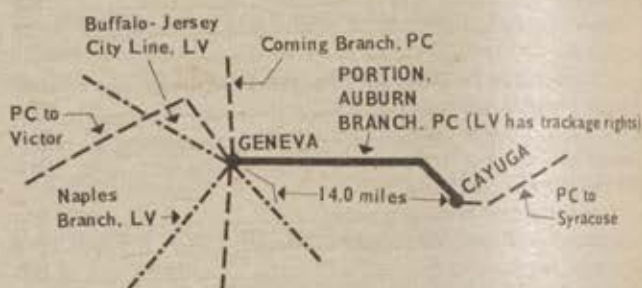
Preliminary Recommendation

It is *not* recommended that this portion of the Camden Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$31,976 or \$49 per carload. Recovery of costs would require approximately a 25 percent increase in traffic or a 13 percent rate increase over the 1973 levels. Costs may also be reduced by a major reduction in frequency, and this may make the line viable. Whether reduced frequency is a possible solution which would *not* result in loss of revenue should be addressed in the RSPO hearings.

PORTION OF THE AUBURN BRANCH

USRA Line No. 671

Penn Central



This portion of the Auburn Branch, formerly part of the New York Central RR, extends from Cayuga (Milepost 36.0) to Geneva, N.Y. (Milepost 50.0), a distance of 14.0 miles, in Ontario, Seneca and Cayuga Counties, N.Y. Continuations of this line run from Cayuga to Syracuse and from Geneva to Victor (a portion of the latter line is also under study in this Report). At Geneva this line connects with the Naples Branch of the LV (also under study in this Report), with the Coming Branch of the PC and with the Buffalo-Jersey City line of the LV. The last-named line is also under study in this Report from Mehoopany, Pa. to Buffalo.

The Lehigh Valley RR operates over this line under a trackage-rights agreement.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cayuga	773
Seneca Falls	219
Waterloo	372
Geneva ¹	229

¹ Includes only traffic on segment.

Total carloads generated by the line.....	1,593
Average carloads per week.....	30.6
Average carloads per mile.....	11.4
Average carloads per train.....	6.4
1973 operating information:	
Number of round trips per year.....	250
Estimated time per round trip.....	6
Locomotive horsepower.....	2,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." General information indicates that this area is heavily agricultural and many agricultural supply firms may have to go out of business if abandonment occurs.

Information for Line Retention Decision

Revenue received by PC.....	\$535,974
Average revenue per carload.....	\$336
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	200,048
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	19,397
Cost incurred beyond the branch line.....	372,591
Total variable (avoidable) cost.....	601,036
Net contribution (loss) : total.....	(65,062)
Average per carload.....	(41)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,400 crossties (an average of 100 crossties per mile).

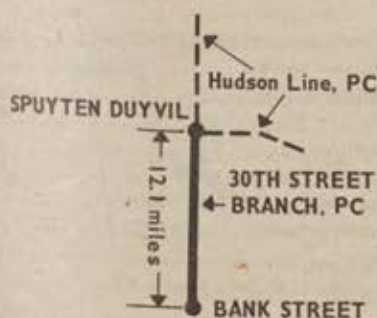
Preliminary Recommendation

It is *not* recommended that this portion of the Auburn Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$65,062 or \$41 per carload. Recovery of costs would require approximately a 40 percent increase in traffic or a 12 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency and this may make the line viable. Whether reduced frequency is a possible solution which would not result in a loss of revenue should be addressed in the RSPO hearings.

30TH STREET BRANCH

USRA Line No. 681

Penn Central



The 30th Street Branch, formerly part of the New York Central RR, extends from *Spuyten Duyvil* (Milepost 0.0) to *Bank Street* (New York), N.Y. (Milepost 12.1), a distance of 12.1 miles, in New York County,

N.Y. At *Spuyten Duyvil*, the line connects with the Hudson Line of the PC. This line was not described as potentially excess in the U.S. DOT Report (zone 58).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line was identified for study because of various operational problems, and a reported potential loss of traffic generated by the New York Times facilities which currently use this branch. Correspondence received from the Office of the Mayor of New York, indicates that the relocation of the Times' 60th Street printing press would reduce traffic by 3,500 annual carloads. Penn Central revenue would drop by \$2.3 million. However, according to the City, the remaining traffic would amount to 28,320 cars, and \$11.2 million in revenues. This traffic in turn amounts to 2,340 cars per mile, per year, and approximately \$926,000 in revenue per mile, per year. The average revenue for this retained traffic is approximately \$395 per carload. The City has plans underway to continue the development of the West Side Corridor, and has already committed funds for development on the expectation that the railroad branch will be available. Proposed non-rail redevelopment along this branch will still be possible if developed according to an air-rights concept.

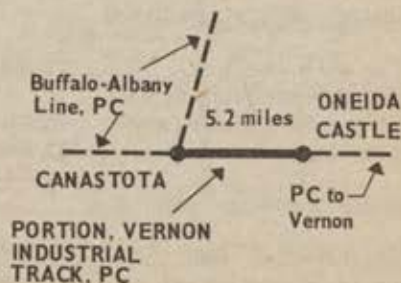
Recommendation

It is recommended that the 30th Street Branch be included in the ConRail System.

PORTION OF THE VERNON INDUSTRIAL TRACK

USRA Line No. 686

Penn Central



This portion of the Vernon Industrial Track, formerly part of the New York Central RR, extends from *Oneida Castle* (Milepost 252.5) to *Canastota*, N.Y.

(Milepost 257.7), a distance of 5.2 miles, in Madison and Oneida Counties, N.Y. A continuation of this line runs in an easterly direction to Vernon (also under study in this report). At Canastota, this line connects with the Buffalo-Albany line of the PC. This line (with the exception of the portion from Oneida Castle to the Madison County line), was described as potentially excess in the U.S. DOT Report (see Zones 45 and 46).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Canastota	653
Oneida ¹	24
Oneida Castle ¹	172

Total carloads generated by the line	849
Average carloads per week	16.3
Average carloads per mile	163.3
Average carloads per train	9.4
1973 operating information:	
Number of round trips per year	90
Estimated time per round trip (hours)	4
Locomotive horsepower	1,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that alternate transportation would be available, but it would increase costs. Tele Con Corporation and Agrico Chemical Corporation pointed to increased costs. Mayor Herbert Brewer of Oneida said that plans for an industrial park would be seriously hampered without rail service. The New York State DOT studied this line in its entirety between Canastota and Vernon (11.5 miles) and concluded that the entire line earned a \$55,292 profit. Community loss from abandonment was estimated at \$14,836 plus a loss of \$14,444 in property taxes.

Information for Line Retention Decision

Revenue received by PC	\$348,880
Average revenue per carload	\$410
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	77,003
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	5,751
Cost incurred beyond the branch line	252,632
Total variable (avoidable) cost	335,476
Net contribution (loss): total	13,404
Average per carload	16

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has

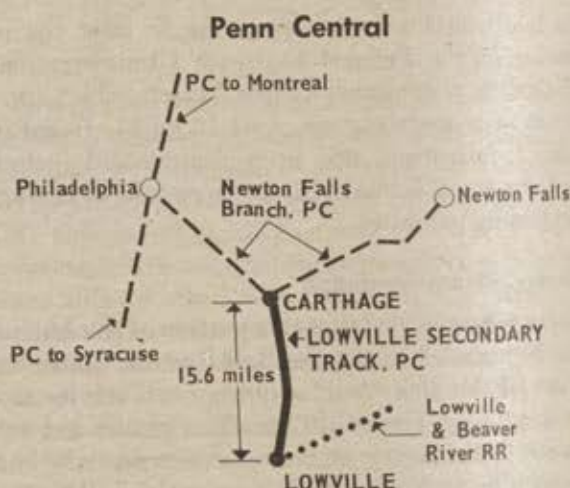
a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 450 crossties (an average of 86.5 crossties per mile).

Recommendation

It is recommended that this portion of the Vernon Industrial Track be included in the ConRail System.

LOWVILLE SECONDARY TRACK

USRA Line No. 687



The Lowville Secondary Track, formerly part of the New York Central RR, extends from Lowville (Milepost 58.1) to Carthage, N.Y. (Milepost 73.7), a distance of 15.6 miles, in Jefferson and Lewis Counties, N.Y. At Lowville, this line connects with the Lowville & Beaver River RR. At Carthage, this line connects with the Newton Falls Branch of the PC. This line was not described as potentially excess in the U.S. Department of Transportation Report of February 1, 1974.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lowville ¹	1,388
Castorland	317
Total carloads generated by the line	1,705
Average carloads per week	32.8
Average carloads per mile	109.3
Average carloads per train	13.1
1973 operating information:	
Number of round trips per year	130
Estimated time per round trip (hours)	5.5
Locomotive horsepower	2,000
Train crew size	5

¹ Includes traffic from Lowville & Beaver RR.

Information Provided by RSPO, Shippers, Government Agencies

No information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public

Response to the Secretary of Transportation's Rail Service Report."

This line provides the only access to the Lowville & Beaver River Railroad. Correspondence from the Black River-St. Lawrence Economic Development Commission indicated that most of the agricultural industries in Lewis county would suffer through higher grain delivery costs.

Information for Line Retention Decision

Revenue received by PC	\$695,135
Average revenue per carload	\$408
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	193,788
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	9,681
Cost incurred beyond the branch line	477,093
Total variable (avoidable) cost	680,562
Net contribution (loss): total	14,573
Average per carload	9

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,000 crossties (an average of 64 crossties per mile).

Recommendation

It is recommended that the Lowville Secondary Track be included in the ConRail System.

(Milepost 29.5) to *Hopewell Junction, New York* (Milepost 42.6), a distance of 13.1 miles, in Dutchess County, New York. Continuations of this line run from Hopewell Junction to Derby Junction, Conn., and from Poughkeepsie to Maybrook. The latter line is also under study in this Report. At Hopewell Junction, this line connects with the Beacon Secondary Track of the PC. This line was not described as potentially excess in the U.S. DOT Report (see Zone 56).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

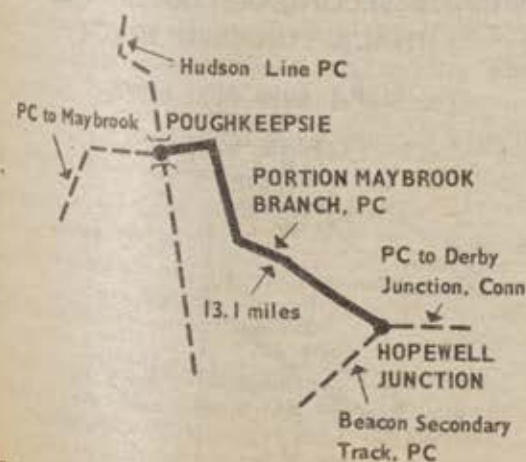
Recommendation

It is recommended that this portion of the Maybrook Branch be included in the ConRail System.

PORTION OF THE MAYBROOK BRANCH

USRA Line No. 708

Penn Central

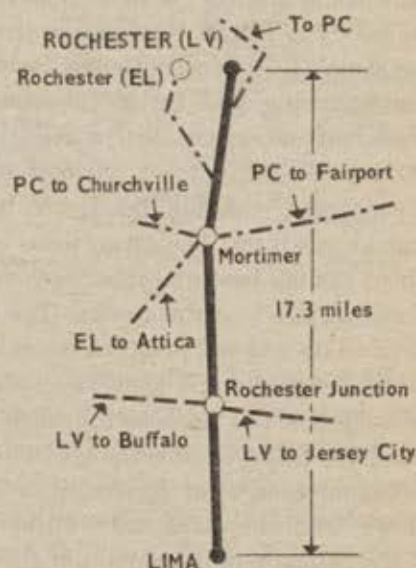


This portion of the Maybrook Branch, formerly part of the New Haven RR, extends from Poughkeepsie

ROCHESTER BRANCH

USRA Line No. 1000

Lehigh Valley



The Rochester Branch extends from *Rochester Junction* (Milepost 379.5) to *Rochester, N.Y.* (Milepost 390.8), a distance of 11.3 miles, and from *Rochester Junction* (Milepost 379.5) to *Lima, N.Y.* (Milepost 385.5), a distance of 6.0 miles. This is a combined dis-

tance of 17.3 miles in Monroe and Livingston Counties, N.Y. At Rochester this line connects with the Buffalo-Albany line of the PC, the Falls Road Branch of the PC, the B&O RR, the Charlotte Secondary track and the Rochester Branch of the PC. The latter named is also under study in this Report. At Rochester Junction this line connects with the Buffalo-Jersey City line of the LV, also under study in this Report. At Mortimer it connects with the West Shore Branch of the PC and the Attica Branch of EL.

This line was described as potentially excess in the U.S. DOT Report (see Zone 47).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lima	658
Honeoye Falls	80
Henrietta	294
Rochester	716

Total carloads generated by the line	1,748
Average carloads per week	33.6
Average carloads per mile	101.0
Average carloads per train	6.7
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	3
Locomotive horsepower	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Joslyn Manufacturing and Swift Chemical at Lima are rail dependent industries. Joslyn said its shipping costs would rise 50-150 percent without rail service. Swift was concerned with the damage to its products with additional handling. These two firms contributed 12.3 percent of the tax base of Lima. Both firms would relocate if rail service was withdrawn. The University of Rochester and its hospital projects, increased coal use with its current expansion. A spokesman said that the major stumbling block to Rochester Branch viability is the absence of switching, or interchange in the area. The N.Y. State Commissioner for Agriculture and Markets stated that six fertilizer plants on the line produce 10 percent of the state's requirements and they need rail service since there is no feasible alternative to receive raw materials. The New York DOT analysis uses 1973 figures and sees 1,704 carloads, \$24,126 community tax, \$23,487 in net local property taxes and annual profit of \$32,376.

Information for Line Retention Decision

Revenue received by LV	\$321,294
Average revenue per carload	\$184
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	228,748
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	20,796
Cost incurred beyond the branch line	198,540
Total variable (avoidable) cost	427,284
Net contribution (loss): Total	(106,044)
Average per carload	(61)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,000 crossties (an average of 58 crossties per mile).

Preliminary Recommendation

Although the preliminary recommendation is that the Rochester Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing the revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$106,044 or \$61 per carload. Recovery of costs would require approximately a 85 percent increase in traffic or a 30 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable. Regardless of the disposition of the branch, the traffic at Rochester can be handled by ConRail off the present PC mainline.

CORTLAND SECONDARY TRACK AND EAST ITHACA RUNNING TRACK

USRA Line No. 1002



The Cortland Secondary Track and the East Ithaca Running Track extend from *East Ithaca* (Milepost 50.4) to *Cortland, N.Y.* (Milepost 71.8), a distance of 21.4 miles in Cortland and Tompkins Counties, N.Y. At Freeville (Milepost 59.4), this line connects with the Mead Secondary Track and the Freeville Secondary Track, both LV. Both lines are also under study in this Report. At Cortland, this line connects with the Syracuse Branch of the EL. This line was described as potentially excess in the U.S. DOT Report (see Zones 52 and 54).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Etna	21
McLean	14
Cortland	193

Total carloads generated by the line	228
Average carloads per week	4.38
Average carloads per mile	10.7
Average carloads per train	4.38
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that N.Y. State Electric Gas Corp. said that 11 of its 45 sidings are on "potentially excess" lines. Rail service is indispensable on this segment at Etna. LV had filed for abandonment but the utility had objected because of the need for heavy equipment. Nineteen carloads were shipped over the line in 1973 and similar amounts in 1974.

Other shippers making statements included Overhead Door Co. (99 carloads), R. H. Miller (157 carloads) and Gutchess Lumber Co. (65 carloads). Miller said abandonment of service would add \$55,000 to its transportation costs without rail service. The N.Y. Christmas Tree Growers Assoc. said that the area's interstate highway system cannot handle Christmas tree shipments as efficiently as rail.

Information for Line Retention Decision

Revenue received by LV	\$41,565
Average revenue per carload	\$182
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	182,342
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	29,991
Cost incurred beyond the branch line	28,048
Total variable (avoidable) cost	240,381
Net contribution (loss): Total	(198,816)
Average per carload	(872)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,000 crossties (an average of 140 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Cortland Secondary Track and the East Ithaca Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$198,816 or \$872 per carload. Recovery of costs would require approximately a fourteen-fold increase in traffic or a 480 percent rate increase over the 1973 levels. Traffic at Cortland, however, can be handled by the EL or its successor.

FREEVILLE SECONDARY TRACK AND MEAD SECONDARY TRACK

USRA Line No. 1003

Lehigh Valley



The Freeville Secondary Track and Mead Secondary Track, extend from *Owego* (Milepost 289) to *Mead, N.Y.* (Milepost 339.6), a distance of 50.6 miles, in Cayuga, Tompkins, Cortland, and Tioga Counties, N.Y. At Freeville (Milepost 323.1), this line connects with the East Ithaca Running Track and the Cortland Secondary Track. Both are LV lines and both are under study in this Report. At Owego this line connects with the Auburn Branch of the LV and the Chicago-Jersey City line of the Erie Lackawanna. This line was described as potentially excess in the U.S. DOT Report (see Zones 52 and 53).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Owego	476
Newark Valley	202
Berkshire	15
Mills	820
Dry Den	100
Freeville	12
Groton	20
Locke	162
Moravia	194

Total carloads generated by the line	2,001
Average carloads per week	38.5
Average carloads per mile	39.6
Average carloads per train	6.7
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	9.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that rail service is essential to community efforts toward development of industrial potential. This area is New York's largest milk producing area and service is vital to dairy farmers and the agricultural industry. A lumber company reported that if it had to unload shipments at the next nearest railhead, costs would be increased \$400 per car. Some companies stated that freight costs would rise substantially, with loss of rail service and a honey-butter company stated that loading takes 10 hours, but without rail service loading would take three days. There is fear that without rail service a monopolistic situation would be created for trucking. Tioga Foundry, which shares a siding on the line with Stakmore Inc., receives all of its raw material over this line and shipment is not conducive by truck transport. Ward and Von Scoy shipped 397 carloads of feed over this line in 1973.

The New York Department of Transportation in a special study stated that between Owego and Moravia a carload count of 1,902 over 49.1 miles results in an annual profit of \$76,080. Without service the annual community loss would be \$63,353 and loss of net local property taxes of \$61,670.

Information for Line Retention Decision

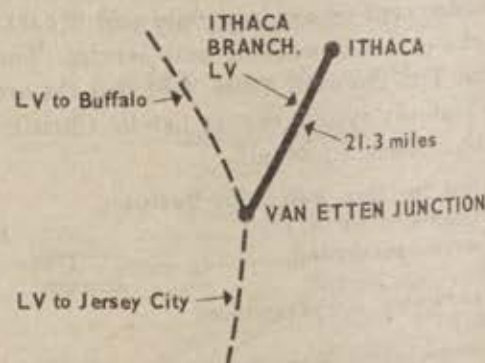
Revenue received by LV	\$261,730
Average revenue per carload	\$131
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	573,965
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	110,662
Cost incurred beyond the branch line	240,952
Total variable (avoidable) cost	925,579
Net contribution (loss): total	(663,843)
Average per carload	(332)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 17,500 crossties (an average of 346 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Freeville Secondary Track and Mead Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$663,843 or \$332 per carload. Recovery of costs would require approximately a thirty two-fold increase in traffic or a 250 percent rate increase over the 1973 levels.

ITHACA BRANCH USRA Line No. 1017 Lehigh Valley



The Ithaca Branch extends from *Van Etten Junction* (Milepost 285.8) to *Ithaca, N.Y.* (Milepost 307.1), a distance of 21.3 miles, in Chemung, Tioga, and Tompkins Counties, N.Y. At Van Etten Junction, this line connects with the Lehigh Valley Jersey City-to-Buffalo line, a portion of which is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 52 and 53).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Spencer	61
Ithaca	435

Total carloads generated by the line	496
Average carloads per week	9.5
Average carloads per mile	23.3
Average carloads per train	3.2

1973 Operating Information:

Number of round trips per year	156
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,800
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV	\$126,770
Average revenue per carload	\$256

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	244,527
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	56,656

Total variable (avoidable) cost	301,183
Net contribution (loss): total	(174,413)
Average per carload	(352)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

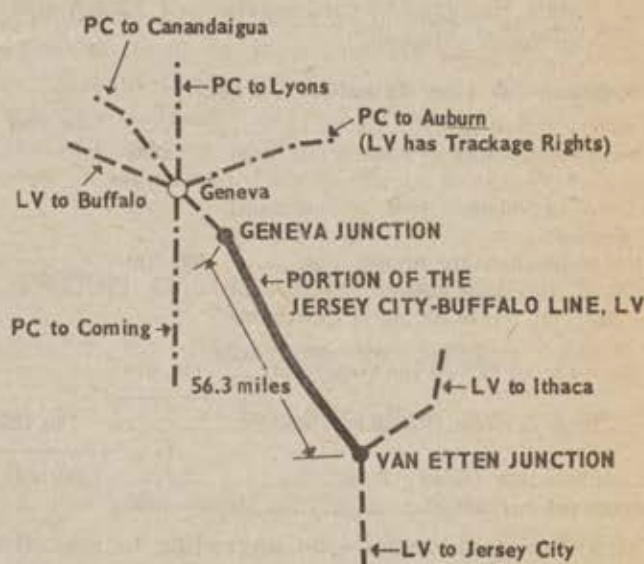
It is not recommended that the Ithaca Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$174,413 or \$352 per carload. Recovery of costs would require approximately a 250 percent increase in traffic or a 140 percent rate increase over the 1973 levels.¹

¹ See Errata Sheet on last page of this part.

PORTION OF THE JERSEY CITY TO BUFFALO LINE

USRA Line No. 1020

Lehigh Valley



This portion of the Jersey City to Buffalo Line, extends from *Van Etten Junction* (Milepost 285.8) to *Geneva Junction, N.Y.* (Milepost 342.1), a distance of 56.3 miles, in Chemung, Schuylers, and Seneca Counties, N.Y. Continuations of this line extend southward from Van Etten Junction and northward from Geneva Junction. Both of these continuations are also under study in this Report. There is a connection at the Van Etten Junction to the Lehigh Valley Ithaca Branch, which line is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Van Etten	3
Cayuta	177
Odessa	209
Burdett	17
Caywood	30
Lodi	2
Gilbert	20
Kendala	1,013

Total carloads generated by the line	1,471
Average carloads per week	28.3
Average carloads per mile	26.2
Average carloads per train	5.7

1973 Operating Information:

Number of round trips per year	260
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV.....	\$503,538
Average revenue per carload.....	\$342
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	597,810
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line....	141,819
Total variable (avoidable) cost.....	739,629
Net contribution (loss): Total.....	(236,091)
Average per carload.....	(160)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum operating speed of 10 mph).

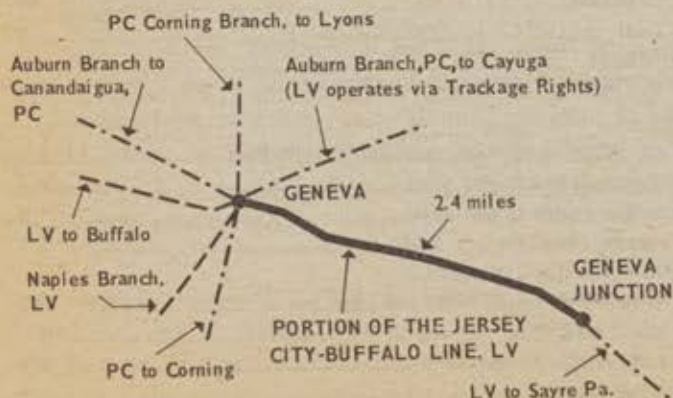
Preliminary Recommendation

It is *not* recommended that this portion of the Jersey City to Buffalo Line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$236,091 or \$160 per carload. Recovery of costs would require approximately a 65 percent increase in traffic or a 45 percent rate over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF JERSEY CITY-BUFFALO LINE

USRA Line No. 1021

Lehigh Valley



This portion of the Jersey City-Buffalo Line of the Lehigh Valley, extends from *Geneva Junction* (Milepost 342.1), to *Geneva, N.Y.* (Milepost 344.5), a distance of *2.4 miles*, in Seneca and Ontario Counties, N.Y. Continuations of this line extend southward from Geneva Junction and westward from Geneva. Both of these continuations are also under study in this Report. Connections with other lines at Geneva are: the Lehigh Valley Naples Branch, the PC Auburn Branch and the PC Corning Branch. The PC Auburn Branch between Geneva and Cayuga and the LV Naples Branch are also under study in this Report. The LV operates over this Auburn Branch segment under a trackage rights agreement. This line was not described as potentially excess in the U.S. DOT Report (see Zone 52).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers but is used to serve USRA Segment Nos. 1020 and 1022. The Preliminary Recommendation for both of these lines is that they not be included in the ConRail system.

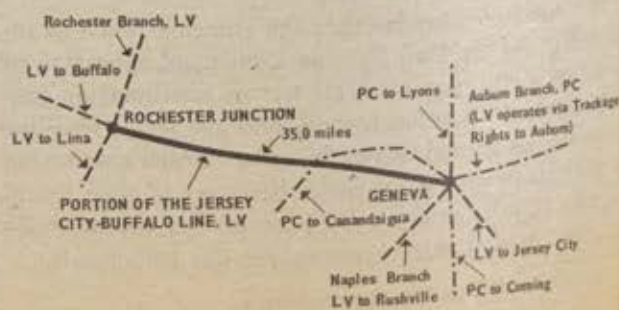
Preliminary Recommendation

It is *not* recommended that this portion of the Jersey City to Buffalo Line be included in the ConRail System.

PORTION OF JERSEY CITY-BUFFALO LINE

USRA Line No. 1022

Lehigh Valley



This portion of the Jersey City-Buffalo Line extends from Geneva (Milepost 344.5) to Rochester Junction, N.Y. (Milepost 379.5), a distance of 35.0 miles, in Ontario and Monroe Counties, N.Y. Continuations of this line extend southward from Geneva and westward from Rochester Junction. Both of these continuations are also under study in this Report. Connections at Geneva are: the Lehigh Valley Naples Branch and the PC Auburn and Corning Branches (the LV operates via trackage rights over the PC Auburn Branch). This line also connects with the Lehigh Valley Rochester Branch at Rochester Junction. Portions of the aforementioned connections are under study in this Report except for the PC Corning Branch. This line was not described as potentially excess in the U.S. DOT Report (See Zones 47 and 52).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Geneva	2,484
Manchester	335
Farmington	2
Victor	342
Total carloads generated by the line	
	3,163
Average carloads per week	60.8
Average carloads per mile	90.4
Average carloads per train	12.2
1973 Operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	9.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV	\$403,853
Average revenue per carload	\$128
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	459,386
Cost of upgrading branch line to FRA class I (1/2 of total upgrading cost)	0
Cost incurred beyond the branch line	312,984
Total variable (avoidable) cost	772,370
Net contribution (loss): total	(\$368,517)
Average per carload	(\$117)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

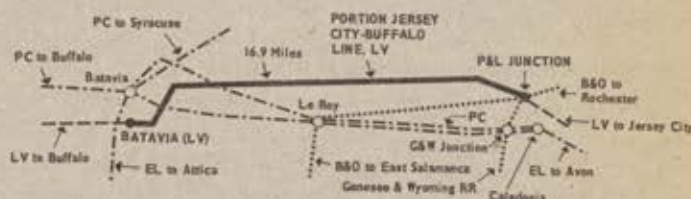
Preliminary Recommendation

It is *not* recommended that this portion of the Jersey City to Buffalo line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$368,517 or \$117 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 90 percent rate increase over the 1973 levels. Traffic at Geneva, however, is recommended for continued service by ConRail.

PORTION OF THE JERSEY CITY-BUFFALO LINE

USRA Line No. 1023

Lehigh Valley



This portion of the Jersey City-Buffalo line extends from P & L Junction (Milepost 394.1) to Batavia, N.Y. (Milepost 411.0), a distance of 16.9 miles, in Genesee, Monroe and Livingston Counties, N.Y. This line was not described as potentially excess in the U.S. DOT Report (see Zone 48).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Caledonia	139
Batavia	312
Total carloads generated by the line	
	451
Average carloads per week	8.7
Average carloads per mile	26.7
Average carloads per train	3.0
1973 Operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV	\$90,805
Average revenue per carload	\$201
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	192,061
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	42,238
Total variable (avoidable) cost	234,299
Net contribution (loss) : Total	(143,494)
Average per carload	(318)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this portion of the Jersey City to Buffalo line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$143,494 or \$318 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 160 percent rate increase over the 1973 levels.

PORTION OF BUFFALO TO JERSEY CITY LINE

USRA Line No. 1024

Lehigh Valley



This portion of the Buffalo to Jersey City Line, extends from Buffalo (Milepost 443.6) to Batavia (Milepost 411.0), a distance of 32.6 miles, in Genesee and Erie Counties, N.Y. There are no industries on this line be-

tween Buffalo and Batavia. Presently this line serves as a segment of the Lehigh Valley Buffalo to Jersey City line. This line was not described as potentially excess in the U.S. DOT Report (see Zones 48 and 49).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Depew	8
Williamsville	288
North Tonawanda	306
Niagara Falls	4,015
Suspension Bridge	201
Cheektowaga	15
Buffalo	15,171
Niagara Junction, N.Y.	3

Total carloads generated by the line	19,950
Average carloads per week	383.6
Average carloads per mile	611.9
Average carloads per train	133.0
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV	\$7,208,818
Average revenue per carload	\$360
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	749,053
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,640,615
Total variable (avoidable) cost	4,389,668
Net contribution (loss) : Total	2,819,150
Average per carload	141

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

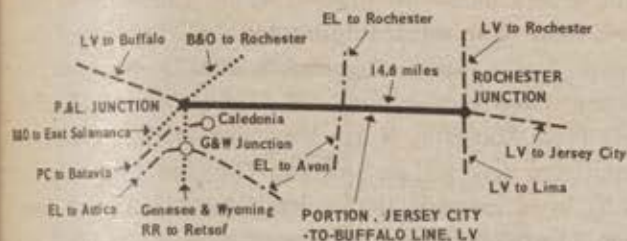
Recommendation

It is recommended that the portion of the Buffalo to Jersey City line serving the industries in the Buffalo area be included in the ConRail System. The remainder of the line will be subject to more detailed analysis.

PORTION OF JERSEY CITY-TO-BUFFALO LINE

USRA Line No. 1025

Lehigh Valley



This portion of the Jersey City-to-Buffalo Line of the Lehigh Valley, extends from *Rochester Junction* (Milepost 379.5) to *P&L Junction, N.Y.* (Milepost 394.1), a distance of 14.6 miles, in Livingston and Monroe Counties, N.Y. This line continues westward from P&L Junction to Buffalo and eastward from Rochester Junction to Jersey City, N.J., both continuations are under study in this Report. At Rochester Junction the line connects with the Rochester Branch of the LV to Rochester and Lima, also under study in this Report. At P&L Junction the line connects with the B&O line between Ashford and Rochester and with the Genesee & Wyoming RR to Retsof. This line was not described as potentially excess in the U.S. DOT Report (see Zone 47).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers, and is not planned to be used for through service.

Preliminary Recommendation

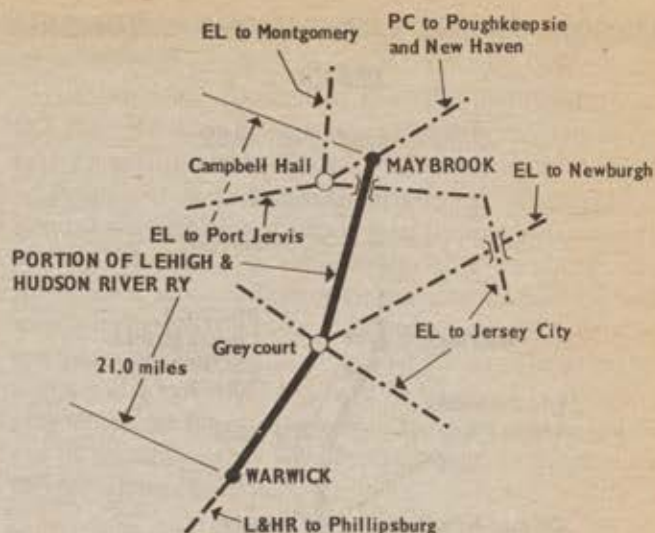
It is *not* recommended that this portion of the Jersey City-to-Buffalo Line be included in the ConRail System.

WARWICK, INCLUSIVE TO MAYBROOK,
EXCLUSIVE

USRA Line No. 1700

Lehigh & Hudson River Railway

The Warwick to Maybrook Line extends from *Maybrook* (Milepost 0.0), to *Warwick, N.Y.* (Milepost 21.0), a distance of 21.0 miles, in Orange County, New



York. A continuation of this line extends southward from Warwick, also under study in this Report. Connections include: the Erie Lackawanna to Port Jervis, Jersey City and Newburgh at Graycourt, the Erie Lackawanna to Port Jervis and Jersey City at Campbell Hall, and at Maybrook, the line connects with the PC to Poughkeepsie. The PC line to Poughkeepsie is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 56).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Georgia Pacific at Warwick, N.Y., handled 276 carloads in 1972; 296 carloads in 1973; and anticipated 310 carloads in 1974. Jones Chemical of Warwick, N.Y., ships liquefied chlorine gas. If rail service were lost, the company would relocate at a cost of \$3 million in lost annual salaries and \$26,000 in school taxes.

Information for Line Retention Decision

The line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

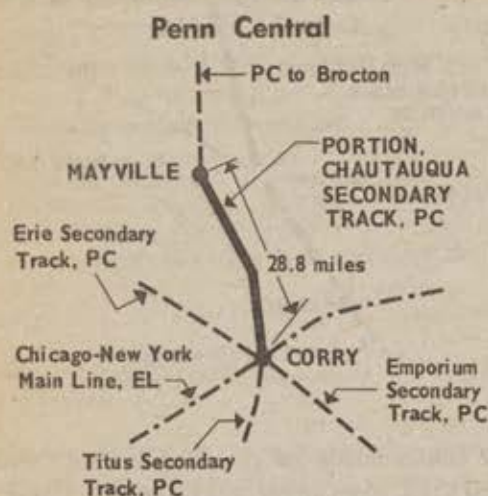
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is recommended that the Warwick to Maybrook be included in the ConRail System.

PORTION OF THE CHAUTAUQUA SECONDARY TRACK

USRA Line No. 249



This portion of the Chautauqua Secondary Track, formerly part of the Pennsylvania RR, extends from Mayville, N.Y. (Milepost 65.0), to Corry, Pa. (Milepost 93.8), a distance of 28.8 miles, in Chautauqua County, New York and Erie County, Pennsylvania. A continuation of this line runs from Mayville to Brocton (also under study in this Report). At Corry, this line connects with the Chicago-to-Jersey City line of the EL and with the Erie Secondary Track, the Emporium Secondary Track and the Titus Secondary Track of the PC. The three latter lines are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 50 and 51).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clymer	165
Panama	43
Sherman	206
Mayville	595

Total carloads generated by the line	1,009
Average carloads per week	19.4
Average carloads per mile	35.0
Average carloads per train	9.2
1973 operating information:	
Number of round trips per year	110
Estimated time per round trip (hours)	8
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" stated that

the area around Sherman produced over 500 tons of milk and over 30 tons of meat in 1973. It was stated that some perishable food products cannot be shipped by truck. There is also a furniture company at Mayville which moves 60 percent of its furniture by rail. Two local farm services indicated that they would close down if this line is abandoned. RSPO indicates that Ethan Allen Inc. shipped 561 cars of household furniture from Mayville, N.Y.; Meyerink Milling Co. (feed, fertilizer) received or shipped 117 cars from Clymer, N.Y. in '73, except 125 carloads in '74; Agway-Sherman (Farmers Mills) in Sherman, N.Y. had 142 carloads in '73, expect about 100 in '74 (grain and feed); and Farmers Mill Coop. (Clymer, N.Y.) shipped 149 cars. The Town of Sherman, N.Y. shipped 253 carloads of grain in '73. Meyerink Milling and Sherman-Agway would close down without rail service. The State of New York, in its special studies, identified this line as losing \$28,924 per year. The annual community loss from abandonment was estimated at \$37,161, plus \$36,173 in net local property taxes. The State of Pennsylvania did not publish its estimate of rail impact for this segment.

Information for Line Retention Decision

Revenue received by PC	\$271,870
Average revenue per carload	\$269
Variable (avoidable) cost of continued service	
Cost incurred on the branch line	258,082
Cost of upgrading branch line to FRA Class I: (1/10 of Total Upgrading cost)	0
Cost incurred beyond the branch line	226,068
Total variable (avoidable) cost	484,150
Net contribution (loss)	(212,280)
Average per carload	(210)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

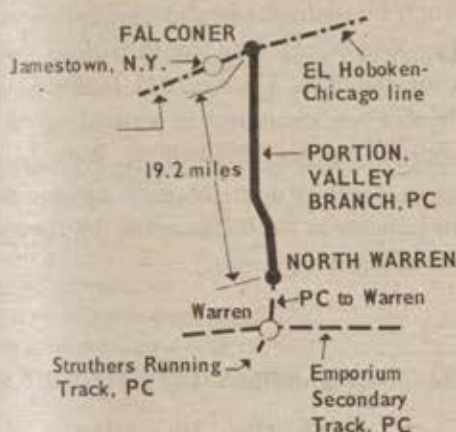
Preliminary Recommendation

It is *not* recommended that this portion of the Chautauqua Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$212,280 or \$210 per carload. Recovery of costs would require approximately a five-fold increase in traffic or an 80 percent rate increase over the 1973 levels.

PORTION OF THE VALLEY BRANCH

USRA Line No. 260

Penn Central



This portion of the Valley Branch, formerly part of the New York Central RR, extends from *Falconer, N.Y.* (Milepost 32.1) to *North Warren, Pa.* (Milepost 51.3), a distance of 19.2 miles, in Chautauqua County, New York and Warren County, Pa. At Falconer this line connects with the Chicago-to-Jersey City line of the EL. A continuation of this line runs from N. Warren to Warren (Milepost 54.4) where it connects with the Emporium Secondary Track of the PC. Both lines are also under study in this Report. In June 1973, the PC applied to the ICC for permission to abandon this line (Docket No. AB-5, Sub. 163). In September 1974, the PC applied to USRA for permission to abandon this line. No action has been taken on either application. This line, with the exception of the portion in Pennsylvania which was not studied, was described as potentially excess in the U.S. DOT Report (see Zones 50 and 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Falconer	253
Jamestown	19
Frewsburg	54
Akeley	83
Russell	14
Total carloads generated by the line	
Average carloads per week	8.1
Average carloads per mile	22.0
Average carloads per train	8.4
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	12.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that several companies are opposed to the possible abandonment of this line. A corporation in Frewsburg which purchases, sells and handles various forms of metal alloys indicates that any such action would have a serious adverse effect on their business unless there could be a guarantee of continued service by the EL. The Commissioners of Warren County expressed a strong interest in retaining this line for the numerous businesses located along the line.

Information for Line Retention Decision

Revenue received by PC	\$135,105
Average revenue per carload	\$320

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	174,941
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	34,848
Cost incurred beyond the branch line	92,093

Total variable (avoidable) cost 301,882

Net contribution (loss): total	(166,777)
Average per carload	(396)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 7,000 cross-ties (an average of 365 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Valley Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$166,777 or \$396 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 125 per cent rate increase over the 1973 levels.

PORTION OF THE AUBURN BRANCH

USRA Line No. 1015

Lehigh Valley

This portion of the Auburn Branch, extends from *Sayre, Pa.* (Milepost 271.0) to *Owego, N.Y.* (Milepost 289.6), a distance of 18.6 miles, in Bradford County, Pa.



and Tioga County, N.Y. This line continues northward from Owego, a portion of which is also under study in this Report. Also at Owego the line connects with the Erie Lackawanna Jersey City-Chicago line. Connections at Sayre, include the Lehigh Valley Waverly-Elmira Branch (via trackage rights over the EL); and the Lehigh Valley Jersey City-Buffalo line, a line which is also under study in this Report between Mehoopany, Pa. and Buffalo. This line was not described as potentially excess in the U.S. DOT Report (see Zones 53 and 73).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Smithboro	180
Total carloads generated by the lines	180
Average carloads per week	3.5
Average carloads per mile	9.7
Average carloads per train	3.5
1973 Operating Information:	
Number of round trips per year	52
Estimated time per round trip (hours)	12.0
Locomotive horsepower	600
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." N.Y. State DOT indicated that this line generated 200 carloads and produced a profit of \$49,400.

Information for Line Retention Decision

Revenue received by LV	\$35,882
Average revenue per carload	\$190
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	169,166
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	21,662
Total variable (avoidable) cost	190,828
Net contribution (loss): Total	(154,946)
Average per carload	(861)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

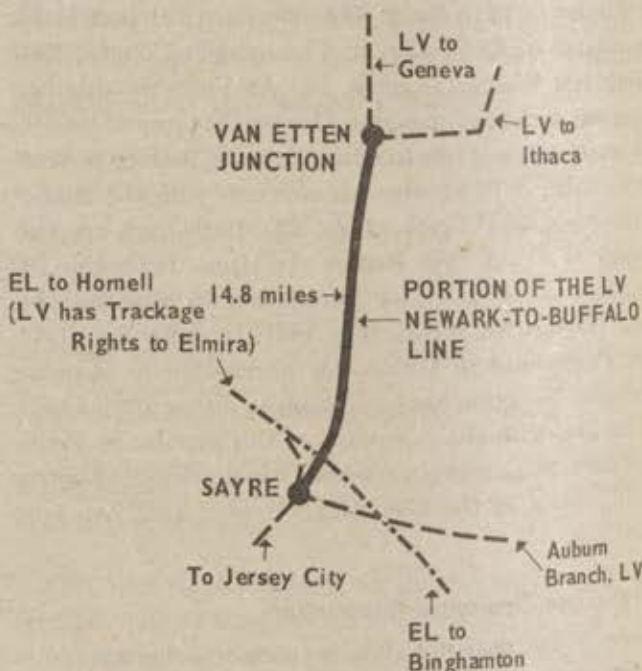
Preliminary Recommendation

It is *not* recommended that this portion of the Auburn Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$154,946 or \$861 per carload. Recovery of costs would require approximately an eleven fold increase in traffic or a 430 per cent rate increase over the 1973 levels.

PORTION OF THE JERSEY CITY-TO-BUFFALO LINE

USRA Line No. 1016

Lehigh Valley



This portion of the Jersey City-to-Buffalo Line, extends from Sayre, Pa. (Milepost 271.0), to Van Etten Junction, N.Y. (Milepost 285.8) a distance of 14.8 miles, in Bradford County, Pennsylvania, and Tioga and Chemung Counties, N.Y. Continuations of this line extend northward from Van Etten Junction and southward from Sayre. Both continuations are also under study in this Report. Connections with other lines include: the Lehigh Valley Auburn Branch at Sayre and the Lehigh Valley Ithaca Branch at Van Etten Junction. Both branches are also under study in this Report.

Additionally, this line connects with the Lehigh Valley Waverly-Elmira Branch at Sayre. This line was not described as potentially excess in the U.S. DOT Report (see Zones 52, 53 and 73).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Sayre	334
Waverly	533
Total carloads generated by the line.....	
867	
Average carloads per week.....	16.7
Average carloads per mile.....	58.6
Average carloads per train.....	2.8
1973 operating information:	
Number of round trips per year.....	312
Estimated time per round trip (hours).....	10.0
Train crew size.....	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV.....	\$177,980
Average revenue per carload.....	\$205
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	286,388
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line.....	106,330
Total variable (avoidable) cost.....	392,718
Net contribution (loss): total.....	(214,738)
Average per carload.....	(248)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is recommended that the portion of the LV traffic at Sayre and Waverly be handled by ConRail or the EL or its successor (see Chapter 3). The line north of Waverly is *not* recommended for inclusion in the ConRail System nor to the EL or its successor.¹

¹ See Errata Sheet on last page of this part.

OHIO

Intrastate

PC

USRA line number	Terminals
365	North Benton to Alliance
367	Alliance to Mount Union
371	Magnolia to Minerva
372a	Dover to New Philadelphia
373	Dover to Newcomerstown
374	Newcomerstown to Cambridge
375/376/377	Marietta to Cambridge
387/388	Elyria to Bellevue
477	Lilly Chapel to Miami Xing
477a	Columbus Union Station
478	Holmesville to Howard
478a	Howard to Mount Vernon
480	Columbus to Mount Vernon
481/482	Luckey to Berwick
483	Berwick to Kenton
485	Berwick to Spore
485a	Spore to Bucyrus
487	Edison to Johnstown
488	Granville to Heath
490	Glass Rock to Thurston
491	Truro to East Columbus
493	Truro to Bremen
494	Athens to Armitage
496/496a	Bremen to Circleville
496c	New Lexington to Crooksville
497/498/498a	Morrow to Circleville
499a	Delaware to Scioto
500	Sims Station to Worthington
500a	Columbus to Marion
500b	Bucyrus to Marion
501	Paget to Jones
502/503/504	Bellefontaine to St. Marys
505/506	Belle Centre to Bellefontaine
507	Clyde to Green Springs
513/513a	New Lexington to Corning
514	Corning to Hobson
515	Xenia to Spring Valley
516	Spring Valley to Waynesville
516b	Milford to Clare
516c	Milford to South Lebanon
516d	South Lebanon to Morrow
517	New Paris to Bradford
518	Old River Junction to New River Junction
519/520	New River Junction to Eaton
525	Lebanon to Hageman
527/528	Lytle to Hempstead
529	Hempstead to Clement
531/531a/532	Bryan to Van Wert
533/534/534a/535	Van Wert to Ansonia

USRA
line number

Terminals

536/537	Springfield to Yellow Springs
538	Ansonia to Meekers
539/540/553a	Meekers to West Manchester
541	West Manchester to Carlisle Junction
549	Troy to Cold Springs
551	Troy to Arcanum
558	Eggleston Ave to Avondale
560	Oxford State Street to Union Village
561	Columbus to Xenia
562	Dayton to New Paris
639	Dayton to Xenia
640	Breman to New Lexington
641	Minerva to Bergholz
641a	Bergholz to Pan
642	Warwick to Massillon
643	Millbury Junction to Fremont
643a	Fremont to Clyde
644	Trinway to Zanesville
644a	Zanesville to Crooksville
692	Glass Rock to Spangler
706	Thurston Secondary Track at Heath
714	Warren to Ashtabula

Interstate

Ohio to Michigan (these lines are discussed under Michigan)

393	Vulcan, Ohio to N&W Xing East of Adrian
437	Alexis, Ohio to Carleton, Mich. (C&O Trackage Rights)
530	Bryan, Ohio to Hudson, Mich.

Ohio to West Virginia

353	Martin's Ferry, Ohio to Benwood, W. Va.
514a	Hobson, Ohio to Nitro, W. Va.

Ohio to Indiana (these lines are discussed under Indiana)

520a	Eaton, Ohio to Richmond, Ind.
554	Glen Karn, Ohio to Hunter, Ind.
571a	Cedar Grove, Ohio to Valley Junction, Ind.
638	New Paris, Ohio to Richmond, Ind.

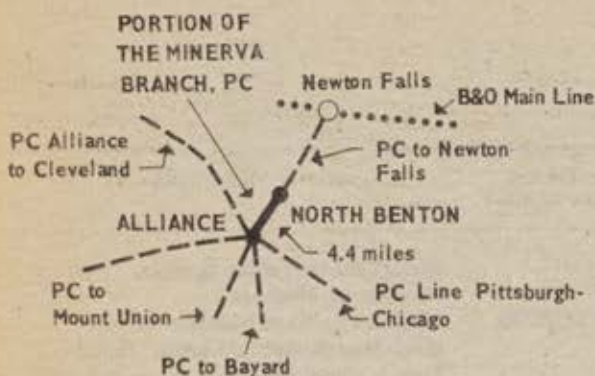
PORTION OF THE MINERVA BRANCH

USRA Line No. 365

Penn Central

This portion of the Minerva Branch, formerly part of the New York Central RR, extends from *North Benton* (Milepost 18.5) to *Alliance, Ohio* (Milepost 22.9), a distance of 4.4 miles, in Mahoning, Portage and Stark

Counties, Ohio. This line is in Zones 93, 95, and 96 in the U.S. Department of Transportation Report, "Rail Service in the Midwest and Northeast Region," dated Feb-



ruary 1, 1974. The northerly continuation of this line, from North Benton to the B&O at Newton Falls, is also under study in this report. At Alliance, PC lines to Cleveland, Chicago and Pittsburgh intersect as do local lines to Bayard and Mount Union, both also under study.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

North Benton.....	37
Total carloads generated by the line.....	37
Average carloads per week.....	0.7
Average carloads per mile.....	8.4
Average carloads per train.....	0.8
1973 Operating information:	
Number of round trips per year.....	45
Estimated time per round trip (hours).....	1.5
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$15,385
Average revenue per carload.....	\$416
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	32,314
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	11,641
Cost incurred beyond the branch line.....	8,569
Total variable (avoidable) cost.....	52,524
Net contribution (loss) total.....	(37,139)
Average per carload.....	(1,004)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a

maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,300 crossties (an average of 295 crossties per mile).

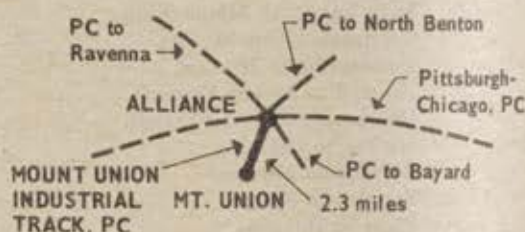
Preliminary Recommendation

It is *not* recommended that this portion of the Minerva Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$37,139 or \$1,004 per carload. Recovery of costs would require approximately a five-fold increase in traffic or a 241 percent rate increase over the 1973 levels.

MT. UNION INDUSTRIAL TRACK

USRA Line No. 367

Penn Central



The Mount Union Industrial Track, formerly part of the New York Central RR, extends from Alliance (Milepost 25.6) to Mt. Union, Ohio (Milepost 26.9), a distance of 2.3 miles, in Stark County, Ohio. This line connects at Alliance with Penn Central's line to Ravenna and Cleveland and with Penn Central's line between Pittsburgh and Chicago. The three other Penn Central lines at Alliance are the branches to Bayard, Newton Falls, and Niles. The first two are under study in this report. Penn Central filed to abandon this line (Docket No. AB-5 Sub. 179). This line was not described as potentially excess in the U.S. DOT Report (see Zone 96).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Alliance ¹	11
Total carloads generated by the line.....	11
Average carloads per week.....	0.2
Average carloads per mile.....	4.3
Average carloads per train.....	0.5
1973 operating information:	
Number of round trips per year.....	22
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	1,750
Train crew size.....	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$2, 102
Average revenue per carload.....	\$191
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	23, 433
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	14, 626
Cost incurred beyond the branch line.....	2, 240
Total variable (avoidable) cost.....	40, 309
Net contribution (loss): total.....	(38, 207)
Average per carload.....	(9, 473)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 300 crossties (an average of 130 crossties per mile).

Preliminary Recommendation

It is *not* recommended that the Mount Union Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$38,207 or \$9,473 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF TUSCARAWAS SECONDARY TRACK

USRA Line No. 371

Penn Central

This portion of the Tuscarawas Secondary Track, formerly part of the Pennsylvania RR, extends from Minerva (Milepost 2.9) to Magnolia, Ohio (Milepost 15.3), a distance of 12.4 miles, in Stark, Carroll and Columbiana Counties, Ohio. This line continues south to Dover, which is also under study in this Report. At Oneida (Milepost 5.7) and Minerva (Milepost 2.6) it connects with branches of the N&W Ry. At Bayard it connects with the PC's Bayard Branch, and with

the Mahoning Secondary Track to Alliance. At Minerva it also connects with the Alliance Branch of the PC



to Pan. This line, except between Bayard and Minerva, was described as potentially excess in the U.S. DOT Report (see Zones 96 and 97).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Minerva ¹	175
Malvern.....	10
Waynesburg.....	617
Magnolia.....	189

¹ Includes only traffic on segment.

Total carloads generated by the line.....	991
Average carloads per week.....	19.0
Average carloads per mile.....	14.7
Average carloads per train.....	6.6
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip.....	4
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Tuscarawas Chamber of Commerce said the line generates 109 carloads per mile.

Information for Line Retention Decision

Revenue received by PC.....	\$338, 241
Average revenue per carload.....	\$342
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	152, 105
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	236, 350
Total variable (avoidable) cost.....	388, 455
Net contribution (loss): Total.....	(50, 214)
Average per carload.....	(51)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

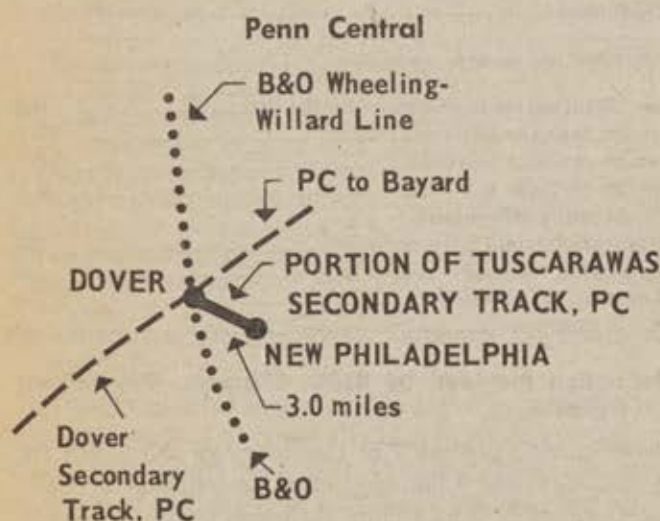
An evaluation of coal reserves by USRA staff indicates there may be reserves adjacent to this line.

Preliminary Recommendation

It is *not* recommended that this portion of the Tuscarawas Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$50,214 or \$51 per carload. Recovery of costs would require approximately a 50 percent increase in traffic or a 15 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

PORTION OF TUSCARAWAS SECONDARY TRACK

USRA Line No. 372a



This portion of the Tuscarawas Secondary Track, formerly part of the Pennsylvania RR, extends from Dover (Milepost 28.8), to New Philadelphia, Ohio (Milepost 31.8), a distance of 3.0 miles, in Tuscarawas County, Ohio. This line connects at Dover with the PC Dover Secondary Track and the northerly continuation of the Tuscarawas Secondary Track, both under study in this Report. The B&O line from Wheeling also serves Dover. This line was not described as potentially excess in the U.S. DOT Report (see Zone 97).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Dover¹ 752

Total carloads generated by the line 752

Average carloads per week	14.5
Average carloads per mile	250.7
Average carloads per train	10.0
1973 operating information:	
Number of round trips per year	75
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report," indicates that the Ohio Power Company at New Philadelphia uses this line to move ammonium nitrate, which is used to extract coal from mines.

Information for Line Retention Decision

Revenue received by PC	\$222,924
Average revenue per carload	\$296
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	54,341
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,348
Cost incurred beyond the branch line	150,415
Total variable (avoidable) cost	209,104
Net contribution (loss): total	13,820
Average per carload	18

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 750 crossties (an average of 250 crossties per mile).

An evaluation of coal reserves by USRA staff indicates that there may be coal reserves adjacent to this line.

Recommendation

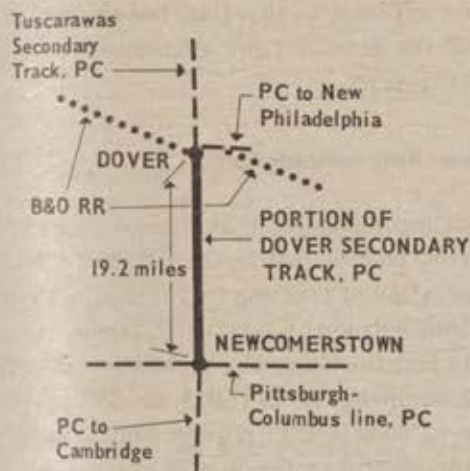
It is recommended that if possible, Chessie assume service to this line. If such an agreement cannot be reached, this portion of the Tuscarawas Secondary Track will be included in the ConRail System.

Transfer of this line to Chessie will not materially impair the profitability of ConRail or other carriers in the Region under the provisions of Section 206(d)(3).

PORTION OF DOVER SECONDARY TRACK

USRA Line No. 373

Penn Central



This portion of the Dover Secondary Track, formerly part of the Pennsylvania RR, extends from *Newcomerstown* (Milepost 84.1) to *Dover, Oh.* (Milepost 103.3), a distance of 19.2 miles, in Tuscarawas County, Ohio. A continuation of this line extends southward from Newcomerstown to Cambridge (also under study in this Report). At Dover, this line connects with the Tuscarawas Secondary Track, PC (and with a PC line to New Philadelphia, both also under study in this Report). Also at Dover, this line connects with the Baltimore & Ohio Railroad. At Newcomerstown, this line connects with the Pittsburgh-Columbus Line of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 97).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Dover ¹	780
Stone Creek	414
Total carloads generated by the line	1,194
Average carloads per week	23.0
Average carloads per mile	62.2
Average carloads per train	6.0
1973 Operating Information:	
Number of round trips per year	200
Estimated time per round trip, hours	7
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that

the Tuscarawas Chamber of Commerce estimated 109 cars per mile, Dover Chemical estimated that shipments from Houston, Texas via truck would be \$4.34 per cwt compared to a rail rate of \$1.25 and \$1.75 per cwt. Stone Creek Brick at Stone Creek shipped 433 carloads in 1973 according to the testimony. Trucking is not an alternative because of weight and length factors.

Information for Line Retention Decision

Revenue received by	\$440,887
Average revenue per carload	\$300
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	230,925
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	267,788
Total variable (avoidable) cost	498,713
Net contribution (loss): total	(57,826)
Average per carload	(48)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA staff indicates that there may be recoverable reserves adjacent to this line.

Preliminary Recommendation

It is *not* recommended that this portion of the Dover Secondary Track be included in the ConRail System unless this line is required to provide service from USRA Line segment No. 372a. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$57,826 or \$48 per carload. Recovery of costs would require approximately a 35 percent increase in traffic or a 13 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

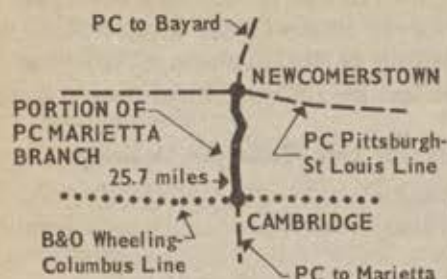
PORTION OF MARIETTA BRANCH/DOVER SECONDARY TRACK

USRA Line No. 374

Penn Central

This portion of the Marietta Branch and the Dover Secondary Track, formerly part of the Pennsylvania RR, extends from *Cambridge* (Milepost 58.8) to *Newcomerstown, Ohio* (Milepost 84.5), a distance of 20.4 miles, in Guernsey and Tuscarawas Counties, Ohio. The southern section of the Marietta Branch, which runs

from Marietta to Cambridge and the line's northern connection, the PC Dover Secondary Track, are both under study in this Report. The Penn Central line from



Pittsburgh to St. Louis connects with this line at Newcomerstown; the B&O Columbus-Wheeling line connects at Cambridge. This line was described as potentially excess in the U.S. DOT Report (see Zones 97 and 102).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Cambridge	407
Oldham	0

Total carloads generated by the line	407
Average carloads per week	7.8
Average carloads per mile	20.0
Average carloads per train	2.9
1973 Operating information:	
Number of round trips per year	140
Estimated time per round trip (hours)	10
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Cambridge Area Chamber of Commerce said PC maintenance has curtailed usage and line abandonment would boost transportation costs and unemployment. Termination of Penn Central service would not be opposed if alternative service could be provided over C&O/B&O.

Information for Line Retention Decision

Revenue received by PC	\$186,568
Average revenue per carload	\$458
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	223,062
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	104,999
Total variable (avoidable) cost	327,961
Net contribution (loss): Total	(141,393)
Average per carload	(347)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA staff indicates there may be reserves adjacent to this line, but the size of the reserves and the potential for economical mining is unknown at this time.

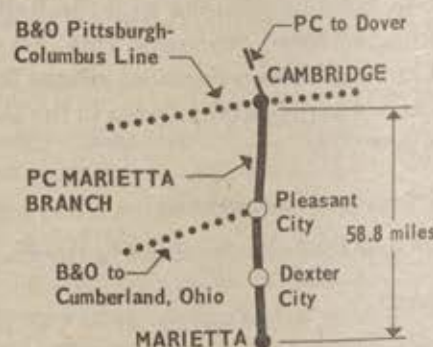
Preliminary Recommendation

It is *not* recommended that this portion of the Marietta Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$141,393 or \$347 per carload. Recovery of costs would require approximately a 165 percent increase in traffic or a 75 percent rate increase over the 1973 levels.

PORTION OF MARIETTA BRANCH

USRA Line No. 375/376/377

Penn Central



This portion of the Marietta Branch, formerly part of the Pennsylvania RR, extends from Marietta (Milepost 0.0) to Cambridge, Ohio (Milepost 58.8), a distance of 58.8 miles, in Washington, Noble and Guernsey Counties, Ohio. This line continues north as the Dover Secondary Track to Dover. It connects with the B&O (Pittsburgh-Columbus line) at Cambridge and with a B&O branch to Cumberland, Ohio at Pleasant City. In August 1972, Penn Central petitioned to abandon the portion of this line south of Dexter City (Milepost 27.0), ICC Docket No. AB-5, Sub. 92. No action has been taken. This line was described as potentially excess in the U.S. DOT Report (see Zones 102 and 104).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Vanadis	141
Dyesville	82
Pleasant City	2
Ara	24
Belle Valley	1
Caldwell	137
Dexter City	57
Macksburg	0
Marietta	459
Total carloads generated by the line	
	903
Average carloads per week	17.4
Average carloads per mile	15.4
Average carloads per train	20.1
1973 operating information:	
Number of round trips per year	45
Estimated time per round trip (hours)	12
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Marietta Chamber of Commerce stated that Dexter City (Zone 102) and Newcomerstown (97) cannot be reached from the other direction because the railroad bridge crossing the Muskingum River (owned by B&O) is no longer in service. Testimony submitted by Allen K. Penttila, Evans Products Co., states the B&O also serves Marietta but cannot service their plant because the B&O has no physical connection with the PC. USRA staff reports the Public Utilities Commission and Ohio DOT indicated that the B&O has a standing petition to abandon the B&O line from Marietta to or in the direction of Zanesville via Waterford and McConnellsville. USRA staff confirmed that the bridge at Marietta is out of service and PC no longer connects with the B&O.

Information for Line Retention Decision

Revenue received by PC	\$331,793
Average revenue per carload	\$367
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	459,397
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	72,563
Cost incurred beyond the branch line	195,588
Total variable (avoidable) cost	727,548
Net contribution (loss): total	(395,755)
Average per carload	(438)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a

maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 14,400 cross-ties (an average of 245 cross-ties per mile).

An evaluation of coal reserves by USRA staff indicates there may be reserves adjacent to this line, but coal reserves are of unknown quantity and quality.

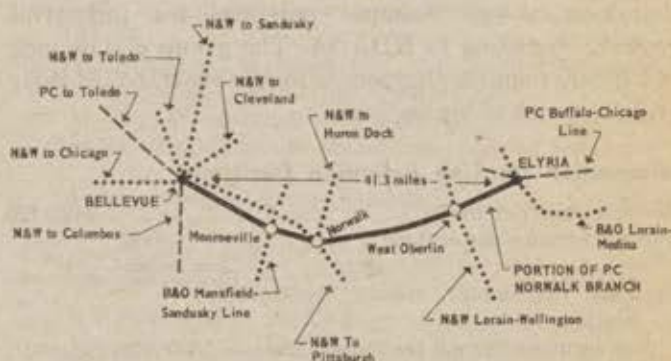
Preliminary Recommendation

It is *not* recommended that the Marietta Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$395,755 or \$438 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 120 percent rate increase over the 1973 levels.

PORTION OF NORWALK BRANCH

USRA Line No. 387/388

Penn Central



This portion of the Norwalk Branch, formerly part of the New York Central RR, extends from Elyria (Milepost 209.4), to Bellevue (Milepost 250.7), a distance of 41.3 miles, in Lorain and Huron Counties, Ohio. This line continues west to Toledo; the adjacent section from Bellevue to Clyde is under study in this Report. At Elyria connection is made with the PC Buffalo-Chicago line and with the B&O Lorain-Medina line. At Bellevue, N&W lines to Columbus, Sandusky, Chicago, Cleveland and Pittsburgh intersect. Two other N&W lines cross this branch; the Huron Dock line at Norwalk and the Lorain-Wellington line at West Oberlin. Two B&O branches also cross this portion of the Norwalk Secondary Track; the Mansfield-Sandusky line at Monroeville and the Lorain-Medina line at Elyria. In December 1972, the Penn Central filed to abandon this line (ICC Docket No. AB-5, Sub 132). No action has been taken. The portion of this line between Elyria and Norwalk was described as potentially excess in the U.S. DOT Report (see Zones 91 and 100).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Oberlin	65
Kipton	72
Wakeman	14
Collins	8
Norwalk	124
Monroeville	4
Bellevue	675

Total carloads generated by the line	962
Average carloads per week	18.5
Average carloads per mile	23.3
Average carloads per train	4.8
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	12
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that abandonment will hamper potential for industrial growth, according to NOACA. The group claims lack of PC cars requires shippers to move two-thirds of their grain by truck at higher cost.

Information for Line Retention Decision

Revenue received by PC	\$435,120
Average revenue per carload	\$452
Variable (avoidable) cost of continued service:	
Cost incurred beyond the branch line	427,139
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	72,608
Cost incurred beyond the branch line	269,168
Total variable (avoidable) cost	768,915
Net contribution (loss): total	(333,795)
Average per carload	(347)

This line would require upgrading to meet the requirement of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 10,000 cross-ties (an average of 242 cross-ties per mile).

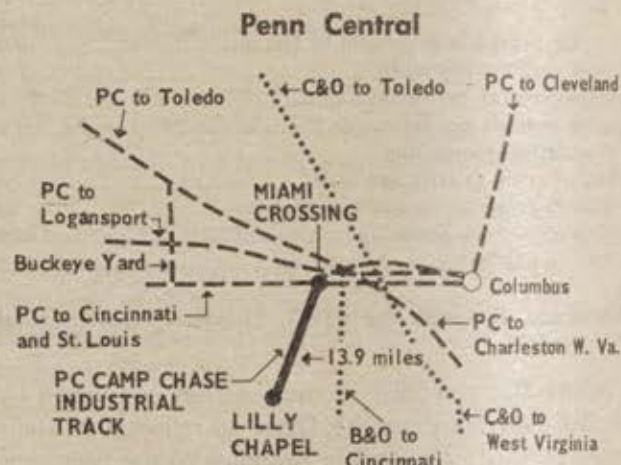
Preliminary Recommendation

It is *not* recommended that this portion of the Norwalk Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$333,795 or \$347 per car-

load. Recovery of costs would require approximately a two-fold increase in traffic or a 75 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone will *not* make the line viable.

CAMP CHASE INDUSTRIAL TRACK

USRA Line No. 477



The Camp Chase Industrial Track, formerly part of the New York Central Railroad, extends from *Miami Crossing* (Milepost 141.5) to *Lilly Chapel, Ohio* (Milepost 155.4), a distance of 13.9 miles, in Franklin and Madison Counties, Ohio. The Camp Chase Secondary Track leaves the PC Indianapolis-Columbus Main Line at Miami Crossing. The extension of this line, which parallels the PC main into Columbus is also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zones 103 and 110).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Galloway	0
Lilly Chapel	60
Columbus ¹	3,243

Total carloads generated by the line	3,303
Average carloads per week	63.5
Average carloads per mile	237.6
Average carloads per train	13.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip, hours	8.5
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report," indicated that the Pillsbury Company is negotiating with Penn Central to operate a 100-car unit train for its Lilly Chapel Plant and it anticipates a need for 675 more cars by 1978.

Information for Line Retention Decision

Revenue received by PC	\$1,331,663
Average revenue per carload	\$403
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	277,179
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	518,718
Total variable (avoidable) cost	795,897
Net contribution (loss): Total	535,766
Average per carload	162

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that the Camp Chase Industrial Track be included in the ConRail System.

COLUMBUS UNION STATION

USRA Line No. 477a

Penn Central



The Columbus Union Station extends from Milepost 136.4 to 138.0, a distance of 1.6 miles, in Franklin County, Ohio. This line provides access to the Columbus Union Station. This line was not described as potentially excess in the U.S. DOT Report (see Zone 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Columbus ¹	71
Total carloads generated by the line	71
Average carloads per week	1.4
Average carloads per mile	44.3
Average carloads per train	1.4
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$20,856
Average revenue per carload	\$294
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	24,200
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	13,263
Total variable (avoidable) cost	37,463
Net contribution (loss): total	(16,607)
Average per carload	(234)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this line at Columbus Union Station be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$16,607 or \$234 per carload. Recovery of costs would require approximately a 220 percent increase in traffic or an 80 percent rate increase over the 1973 levels.

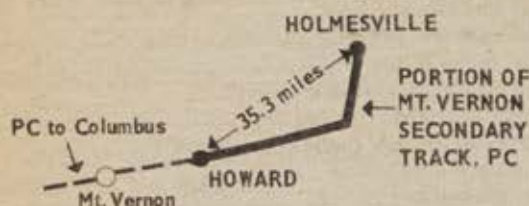
PORTION OF MOUNT VERNON SECONDARY TRACK

USRA Line No. 478

Penn Central

This portion of the Mt. Vernon Secondary Track, formerly part of the Pennsylvania RR, extends from

Holmesville (Milepost 54.6), to Howard, Ohio. (Milepost 89.9), a distance of 35.3 miles, in Knox and Holmes Counties, Ohio. The continuation of this line from



Howard to Mount Vernon and Columbus is also under study in this Report. In August, 1972, Penn Central filed a petition to abandon this line (ICC Docket No. AB-5, Sub. 93). On September 25th, 1974, PC applied to the U.S. Railway Association for similar action (Docket No. 75-45). No final action has been taken in either case. This line was described as potentially excess in the U.S. DOT Report (see Zone 97).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Holmesville	344
Millersburg	329
Killbuck	91
Glenmont	54
Brink Haven	5
Danville	44
Total carloads generated by the line	867
Average carloads per week	16.7
Average carloads per mile	24.6
Average carloads per train	5.8
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated considerable concern about the increased transportation costs which would result from the loss of rail service. Data was provided by eleven shippers on the line which indicated that they planned to increase their use of rail service.

According to PC staff, historically, the line has been subject to devastating floods on a 19-year cycle. The last one in 1969 caused \$1.5 million in rehabilitation work for bridges, culverts, subgrade and track damage.

Information for Line Retention Decision

Revenue received by PC	\$234,210
Average revenue per carload	\$270
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	316,968
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	160,445
Total variable (avoidable) cost	477,413
Net contribution (loss): total	(243,203)
Average per carload	(281)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

The potential for near-term increases in traffic volume appears to depend on Patrick Industries, which projected a 75- to 100-carload increase in 1974 over 1973, and Pampered Beef Exports which began production in 1974 but provided no estimate of traffic potential.

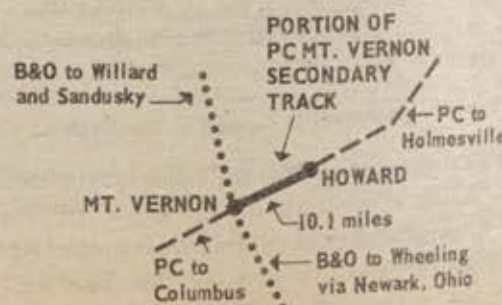
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Mt. Vernon Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$243,203 or \$281 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 105 percent rate increase over the 1973 levels.

PORTION OF MOUNT VERNON SECONDARY TRACK

USRA Line No. 478a

Penn Central



This portion of the Mt. Vernon Secondary Track, formerly part of the Pennsylvania RR, extends from Howard (Milepost 89.9) to Mt. Vernon (Milepost 100.0), a distance of 10.1 miles, in Knox County, Ohio. The eastern and western continuations of this track are both also under study in this Report. The Baltimore & Ohio line between Newark and Willard crosses this line at Mt. Vernon. This line was not described as potentially excess in the U.S. DOT Report (see Zone 97).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Howard	1,881
Gambler	0
Mt. Vernon ¹	179

Total carloads generated by the line	2,060
Average carloads per week	39.6
Average carloads per mile	204.0
Average carloads per train	8.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trips (hours)	12
Locomotive horsepower	1,200
Train crew size	5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Millwood Sand shipped 2,143 cars in 1973 and projected 2,335 cars in 1974.

Information for Line Retention Decision

Revenue received by PC	\$420,755
Average revenue per carload	\$204
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	286,066
Cost of upgrading branch line to FRA Class I; (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	186,162
Total variable (avoidable) cost	472,228
Net contribution (loss): total	(51,473)
Average per carload	(25)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

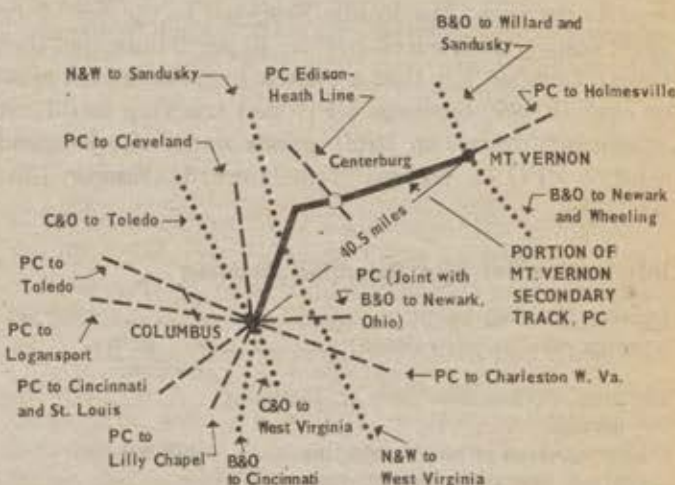
Although the preliminary recommendation is that this portion of the Mt. Vernon Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$51,473 or \$25 per carload. Recovery of costs would require approximately a 20 per cent increase in traffic or a 12 percent rate increase over the 1973 levels.

A reduction in frequency must be explored; this could make the line self-sustaining if no revenue were lost.

PORTION OF MT. VERNON SECONDARY TRACK

USRA Line No. 480

Penn Central



This portion of the Mt. Vernon Secondary Track, formerly part of the Pennsylvania RR, extends from Mt. Vernon (Milepost 100.0), to Columbus (Milepost 140.5), a distance of 40.5 miles, in Franklin, Delaware and Knox Counties, Ohio. This line continues eastward to Holmesville; its eastern segments are also under study in this Report. At Columbus, ten routes converge (2 B&O, 2 C&O, 2 N&W, the remainder are Penn Central). Two local PC routes, also under study in this Report, are accessible via Columbus—the Western Branch toward Charleston, W. Va. and the Camp Chase Secondary Track to Lilly Chapel. At Centerburg, this line intersects the PC Thurston Secondary Track, which is also under study in this Report. This line except for a short portion near Columbus was described as potentially excess in the U.S. DOT Report (see Zones 97 and 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mt. Vernon ¹	1,782
Bangs	13
Centerburg	10
Condit	190
Sunbury	448
Galena	83
Westerville	215
Columbus ¹	277

Total carloads generated by the line	3,018
Average carloads per week	58.0
Average carloads per mile	74.5
Average carloads per train	10.1
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	7
Locomotive horsepower	2,400
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Cellar Lumber felt that a switch to truck would close or curtail their business. PPG said trucking could not substitute for rail in hauling raw materials. Inbound sand to PPG is received from Howard, Ohio on Line No. 478a.

Information for Line Retention Decision

Revenue received by PC	\$838,122
Average revenue per carload	\$278
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	498,167
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	414,643
Total variable (avoidable) cost	912,810
Net contribution (loss): total	(74,688)
Average per carload	(25)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although service to this line generates a loss, a 17 percent increase in traffic or a 9 percent rate increase above 1973 levels would enable financial self-sufficiency.

Recommendation

It is recommended that this portion of the Mt. Vernon Secondary Track be included in the ConRail System.

PORTION OF EASTERN BRANCH

USRA Line No. 481/482

Penn Central



This portion of the Eastern Branch, formerly part of the New York Central Railroad, extends from Luckey (Milepost 15.8), to Berwick, Ohio (Milepost 46.2), a distance of 30.4 miles, in Wood and Seneca Counties, Ohio. This line continues northward to Toledo and southward to Kenton. The southern continuation, the Thurston Secondary Track (to Bucyrus) and the Sandusky Secondary Track (to Clyde), which intersect the line at Berwick, are all under study in this Report. At Fostoria, the N&W Chicago-Cleveland, B&O Chicago-Pittsburgh and the C&O Columbus-Toledo lines meet. This line was described as potentially excess in the U.S. DOT Report (See Zones 100 and 113).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Pemberville	11
Wayne	16
Fostoria	758
New Riegel	0
Berwick	1

Total carloads generated by the line	786
Average carloads per week	15.1
Average carloads per mile	25.9
Average carloads per train	5.2
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	6
Locomotive horsepower	1,750
Train crew size (people)	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that American Oil is located at Berwick. Pemberville Elevator no longer uses the PC, but has an elevator on the Chessie.

Information for Line Retention Decision

Revenue received by Penn Central	\$312, 658
Average revenue per carload	\$398
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	259, 741
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	166, 737
Total variable (avoidable) cost	426, 478
Net contribution (loss): total	(113, 820)
Average per carload	(145)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this portion of the Eastern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$113,820 or \$145 per carload. Recovery of costs would require approximately a 75 percent increase in traffic or a 35 percent rate increase over the 1973 levels.

PORTION OF EASTERN BRANCH

USRA Line No. 483

Penn Central



This portion of the Eastern Branch, formerly part of the New York Central RR, extends from Berwick (Milepost 46.2) to Kenton, Ohio, (Milepost 74.1), a distance of 27.9 miles, in Seneca, Wyandot and Hardin Counties, Ohio. At Kenton, this line intersects the Main Line of the Erie Lackawanna Ry. and the Western

Branch of the PC. At Forest, the PC Pittsburgh-Chicago Line crosses. At Carey the C&O Toledo-Columbus line and the AC&Y RR Main Line intersect. At Berwick the line continues northward to Luckey (a line also under study in this Report) and also connects with the PC Sandusky Secondary Track to Clyde and the PC Thurston Secondary Track to Bucyrus, both also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 110 and 112).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Carey	5, 327
Wharton	4
Forest	3
Patterson	22
McVittys	848
Grants	41

Total carloads generated by the line

Average carloads per week	120.1
Average carloads per mile	223.8
Average carloads per train	20.8

1973 operating information:

Number of round trips per year	300
Estimated time per round trip (hours)	8.0
Locomotive horsepower	2, 250
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that M. A. Hogan Elevator, Inc., estimated 51 carloads and projected 155-205 carloads. This company's rail use declined in 1973 due to poor weather conditions and poor rail service (PC staff also reported outbound traffic would increase if cars were available). The Boich Lime and Coal Company at McVittys (not on patron list) operates a high quality Dolomite limestone quarry which has a life expectancy of 50 years.

Information for Line Retention Decision

Revenue received by PC	\$1, 837, 160
Average revenue per carload	\$204
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	412, 478
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	45, 612
Cost incurred beyond the branch line	1, 087, 274
Total variable (avoidable) cost	1, 545, 364
Net contribution (loss): Total	291, 796
Average per carload	47

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,400 crossties (an average of 229 crossties per mile).

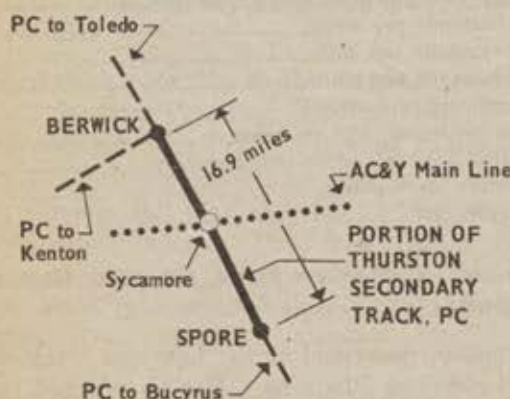
Recommendation

It is recommended that this portion of the Eastern Branch be included in the ConRail System.

PORTION OF THURSTON SECONDARY TRACK

USRA Line No. 485

Penn Central



This portion of the Thurston Secondary Track, formerly part of the New York Central RR, extends from Berwick (Milepost 46.0), to Spore, Ohio (Milepost 62.9), a distance of 16.9 miles, in Crawford, Wyandot and Seneca Counties, Ohio. All three Penn Central connections at Berwick to Kenton, Clyde and Toledo are under study in this Report, as is this line's southern extension from Spore to Bucyrus. Penn Central applied to abandon this line (ICC Docket # AB-5 Sub. 41). This application was approved in June, 1973; however, tracks will not be removed until a connection is constructed at Bucyrus linking the lower portion of the Thurston Secondary Track to the PC Pittsburgh-Chicago line. This line was not shown in the U.S. DOT Report (see Zones 100 and 112).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is only used to serve the traffic generated on USRA Line Segment 485a. The construction of a connection at Bucyrus will eliminate the need for this line.

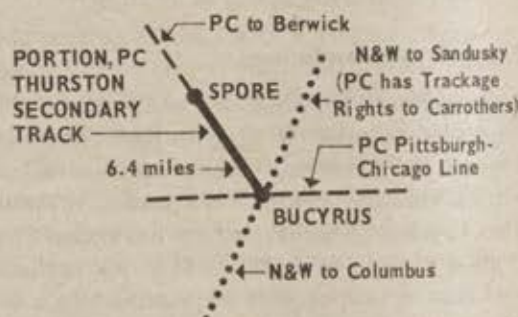
Preliminary Recommendation

It is *not* recommended that this portion of the Thurston Secondary Track be included in the ConRail System.

PORTION, THURSTON SECONDARY TRACK

USRA Line No. 485a

Penn Central



This portion of the Thurston Secondary Track, formerly part of the New York Central RR, extends from Spore (Milepost 62.9) to Bucyrus, Ohio (Milepost 69.3), a distance of 6.4 miles, in Crawford County, Ohio. The northern extension of this line, from Spore to Berwick is also under study in this report. At Bucyrus the N&W Columbus-Sandusky line (over which the PC has trackage rights to Carrothers) and Penn Central's line between Pittsburgh and Chicago meet. PC has applied to abandon the Spore-Berwick line (ICC Docket No. AB-5 Sub. 41). This application was approved in June 1973; however, tracks will not be removed until a connection is constructed at Bucyrus to the PC Pittsburgh-Chicago line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 112).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line: Spore.....	4,598
Total carloads generated by the line.....	4,598
Average carloads per week.....	88.4
Average carloads per mile.....	718.4
Average carloads per train.....	15.3
1973 operating information:	
Number of round trips per year.....	300
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	1,750
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$1,194,068
Average revenue per carload	\$260
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	140,636
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	748,459
Total variable (avoidable) cost	889,095
Net contribution (loss): total	304,973
Average per carload	66

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that this portion of the Thurston Secondary Track be included in the ConRail System.

PORTION OF THE THURSTON SECONDARY TRACK

USRA Line No. 487

Penn Central



This portion of the Thurston Secondary Track formerly part of the New York Central RR, extends from Edison (Milepost 87.2) to Johnstown, Ohio (Milepost 119.8), a distance of 32.1 miles, in Morrow, Knox, and Licking Counties, Ohio. At Edison this route connects with the PC Cleveland-Columbus-Main Line, and at

Centerburg, this line crosses the PC Mount Vernon Secondary Track, which is also under study in this Report. Penn Central filed to abandon the entire stretch of the Thurston Secondary Track between Mt. Gilead and Heath (ICC Docket No. AB-5, Sub. 62). In August 1974 PC applied to the U.S. Railway Association for the same (Docket No. 75-14). No action has been taken on either request. This line was described as potentially excess in the U.S. DOT Report (see Zones 97, 102 and 112).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mount Gilead	86
Fulton	63
Marengo	0
Croton	7
Johnstown	76

Total carloads generated by the lines	232
Average carloads per week	4.5
Average carloads per mile	7.2
Average carloads per train	2.3
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the track has been out of service south of Johnstown since 1971 due to a culvert washout. The Fulton Elevator Co. projected 5 to 15 cars of business. Snyder Milling Service of Marengo cited 69 cars of grain business in 1973 and projected 100 carloads. Hydraulic Press Mfg. Co. at Mt. Gilead cited their need for rail service in order to move 150 ton shipments of heavy machines. They cited 23 carloads of business in 1973, but projected no growth. Snyder's Milling Service claimed that rail cars ordered from PC on February 13, 1973, were not received at its siding until June 18, 1973.

Information for Line Retention Decision

Revenue received by PC	\$122,428
Average revenue per carload	\$528
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	266,863
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	37,384
Cost incurred beyond the branch line	52,667
Total variable (avoidable) cost	356,914
Net contribution (loss): total	(234,486)
Average per carload	(1,011)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,388 crossties (an average of 137 crossties per mile).

Recommendation

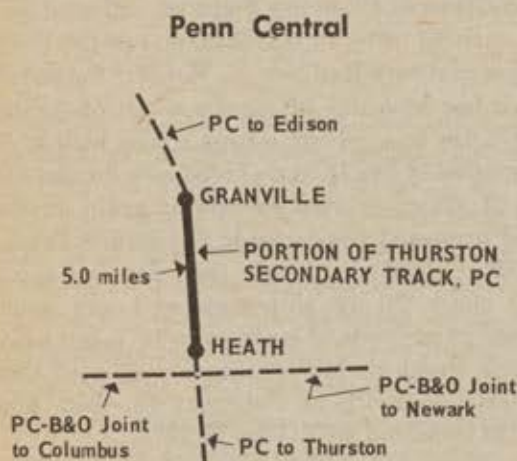
It is recommended that the portion of the Thurston Secondary Track from Milepost 87.2 to Milepost 89.0 be included in the ConRail System.

Preliminary Recommendation

It is *not* recommended that the portion of the Thurston Secondary Track from Milepost 89.0 to Milepost 119.3 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$234,486 or \$1,011 per carload. Recovery of costs would require approximately a 335 percent increase in traffic or a 190 percent rate increase over the 1973 levels.

PORTION OF THURSTON SECONDARY TRACK

USRA Line No. 488



This portion of the Thurston Secondary Track, formerly part of the New York Central RR, extends from near Granville (Milepost 128.0) to Heath, Ohio (Milepost 133.0), a distance of 5.0 miles, in Licking County, Ohio. The joint line of the Penn Central and the B&O running between Columbus and Newark passes through Heath. The Thurston Secondary Track continues south from Heath, which line is also under study in this report. In July 1972, the Penn Central filed to abandon the entire stretch of the Thurston Secondary Track between Mt. Gilead and Heath (ICC Docket No. AB-5, Sub. 62). The PC has also applied to the U.S.

Railway Association for permission to abandon this line (Docket No. 75-9). No final action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zone 102).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Granville	72
Total carloads generated by the line	
Average carloads per week	1.4
Average carloads per mile	14.4
Average carloads per train	1.8
1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report"

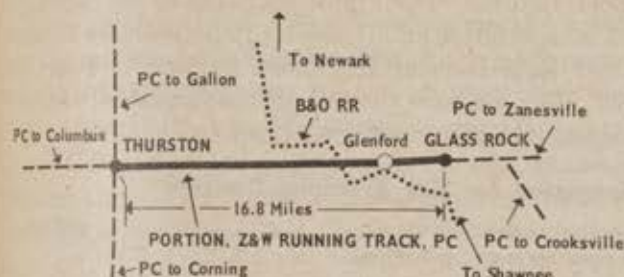
Information for Line Retention Decision

Revenue received by PC	\$20,086
Average revenue per carload	\$279
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	41,084
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,342
Cost incurred beyond the branch line	10,550
Total variable (avoidable) cost	55,976
Net contribution (loss): total	(\$35,890)
Average per carload	(\$499)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 684 crossties (an average of 137 crossties per mile).

Preliminary Recommendation

It is not recommended that this portion of the Thurston Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under the 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$35,890 or \$499 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 280 percent rate increase over the 1973 level.

Z&W RUNNING TRACK**USRA Line No. 490****Penn Central**

This portion of the Z&W Running Track, formerly part of the New York Central RR, extends from *Glass Rock* (Milepost 45.6) to *Thurston* (Milepost 28.8), a distance of 16.8 miles, in Perry and Fairfield Counties, Ohio. At *Thurston*, Ohio this line connects with PC lines, all under study, to *Corning*, to *Columbus*, and *Gallion*; at *Glass Rock* with PC line under study to *Fultonham* and thence to *Zanesville* and *Crooksville*, Ohio (all under study). The B&O crosses this line at *Walser*. This line was described as potentially excess in the U.S. DOT Report (see Zone 102).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

This line does not directly serve any shippers. It is used as an overhead line between segments 493 and 692. The preliminary recommendation for both of these lines is that they *not* be included in the ConRail System.

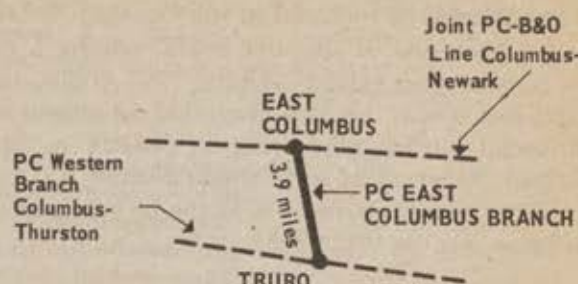
Preliminary Recommendation

It is *not* recommended that this portion of the Z&W Running Track be included in the ConRail System.

EAST COLUMBUS BRANCH**USRA Line No. 491****Penn Central**

The East Columbus Branch, formerly part of the New York Central RR, extends from *Truro* (Milepost 0.1) to *East Columbus, Ohio* (Milepost 4.0) a distance of 3.9 miles, in Franklin County, Ohio. At *Truro* this line joins the PC Western Branch, which is also under study in this Report from *Truro*, eastward. At *East*

Columbus, the joint B&O/Penn Central line from *Columbus* to *Newark*, Ohio crosses at grade. This line was



described as potentially excess in the U. S. DOT Report (see Zone 103).

Traffic and Operating Information

Stations (with their 1973 carloads served by this line):

Columbus ¹	180
Total carloads generated by the line	180
Average carloads per week	3.5
Average carloads per mile	46.2
Average carloads per train	3.5
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.**Information Provided by RSPO, Shippers, Government Agencies**

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenues received by PC	\$49,043
Average revenue per carload	\$272

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	47,686
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,253
Cost incurred beyond the branch line	32,922

Total variable (avoidable) cost	84,861
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Net contribution (loss): total	(35,818)
Average per carload	(190)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 526 crossties (an average of 135 crossties per mile).

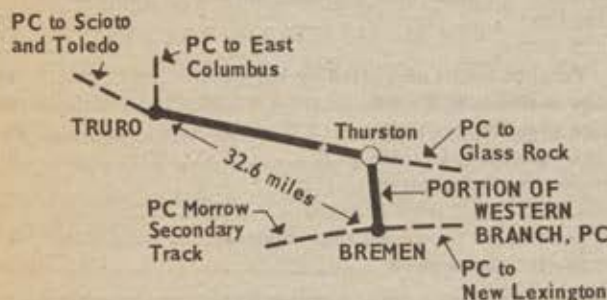
Preliminary Recommendation

It is *not* recommended that this portion of the East Columbus Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generated an annual excess financial burden amounting to \$35,818 or \$199 per carload. Recovery of costs would require approximately a 220 percent increase in traffic or a 73 percent rate increase over the 1973 levels.

WESTERN BRANCH

USRA Line No. 493

Penn Central



This portion of the Western Branch, formerly part of the New York Central RR, extends from *Truro* (Milepost 141.2) to *Bremen* (Milepost 173.8), a distance of 32.6 miles, in Franklin and Fairfield Counties, Ohio. This line connects with PC's East Columbus-Truro Branch at Truro (E. Columbus Branch) and the Thurston Secondary Track and Z&W Running Tracks at Thurston, and the Morrow Secondary Track at Bremen. From Truro, the Western Branch extends to Columbus and Toledo. From Bremen it extends to New Lexington and Hobson. The line was described as potentially excess in the U.S. DOT Report (see Zones 102 & 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Columbus ²	481
Brice	7
Pickerington	1
Baltimore	1,405
Thurston	29
Bremen	35

Total carloads generated by the line	1,958
Average carloads per week	37.7
Average carloads per mile	60.1
Average carloads per train	8.5

1973 operating information:

Number of round trips per year	230
Estimated time per round trip (hours)	9
Locomotive horsepower	1,200
Train crew size	5

² Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Crown Zellerbach at Baltimore shipped 1414 cars in 1972. They estimate they would lose one-third of their business if this line were abandoned.

Information for Line Retention Decision

Revenue received by PC	\$501,519
Average revenue per carload	\$287

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	401,040
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	335,236

Total variable (avoidable) cost

Net contribution (loss): total	(174,757)
Average per carload	(89)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that this portion of the Western Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$174,757 or \$89 per carload. Recovery of costs would require approximately a 75 percent increase in traffic or a 30 percent rate increase over the 1973 levels.

ARMITAGE-ATHENS

USRA Line No. 494

Penn Central



These trackage rights over the Chesapeake & Ohio Ry, extend from *Armitage* (Milepost 74.7), to *Athens*.

Ohio (Milepost 76.0), a distance of 1.3 miles, in Athens County, Ohio. This line links upper segments of the old New York Central line from Central Ohio to West Virginia with the city of Athens. Both segments of the Penn Central line, north from Armitage and south to Kanauga and Charleston, West Virginia are also under study in this Report. The main line of the B&O passes through Athens. The C&O Branch of which this segment was originally a part, was torn up some years ago. The ICC has approved C&O's application to abandon but track removal awaits the approval of a Penn Central abandonment petition. This line was not described as potentially excess in the U.S. DOT Report (see Zone 104).

Information for Line Retention Decision

This line is only PC trackage rights over a C&O line which has been approved for abandonment.

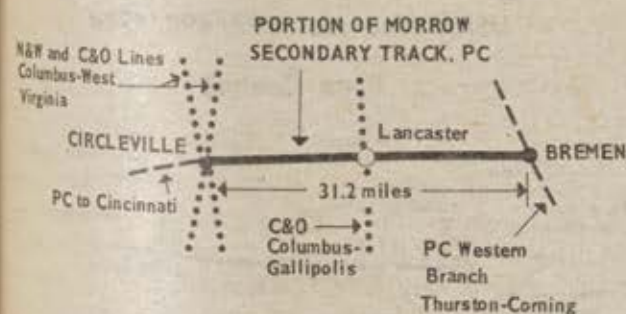
Preliminary Recommendation

It is *not* recommended that trackage rights over this portion of the C&O be included in the ConRail System.

PORTION OF MORROW SECONDARY TRACK

USRA Line No. 496/496A

Penn Central



This portion of the Morrow Secondary Track, formerly part of the Pennsylvania RR, extends from Bremen (Milepost 49.9) to Circleville, Ohio (Milepost 81.1) a distance of 31.2 miles, in Pickaway and Fairfield Counties, Ohio. This line crosses the N&W at Circleville, and the C&O at Lancaster. The Penn Central connections are under consideration in this Report. These include the Western extension of this line toward Cincinnati, and the Western Branch from Bremen north to Thurston and south to Corning. This line, except for the portion from Bremen to Circleville, was not described as potentially excess in the U.S. DOT Report (see Zones 102 and 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lancaster	933
Amanda	30
Stoutsville	24
Circleville	5,336
Bremen ¹	55

Total carloads generated by the line	6,378
Average carloads per week	123
Average carloads per mile	204
Average carloads per train	23.2
1973 operating information:	
Number of round trips per year	275
Estimated time per round trip (hours)	12
Locomotive horsepower	3,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by the Lancaster Chamber of Commerce indicated that 33 percent of the total jobs in Baltimore, Ohio, would be eliminated if rail service is terminated. Columbia Cement claimed 2,200 outbound shipments of cars with estimated revenue to PC at \$1.1 million westbound to Thurston and south to Nitro, West Virginia.

Information for Line Retention Decision

Revenue received by PC	\$1,644,524
Average revenue per carload	\$258
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	589,211
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	34,037
Cost incurred beyond the branch line	1,360,948
Total variable (avoidable) cost	1,784,196
Net contribution (loss): total	(139,672)
Average per carload	(22)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,212 crossties (an average of 135 crossties per mile).

Service to this line must be provided via Segment 640 which would increase the loss.

Preliminary Recommendation

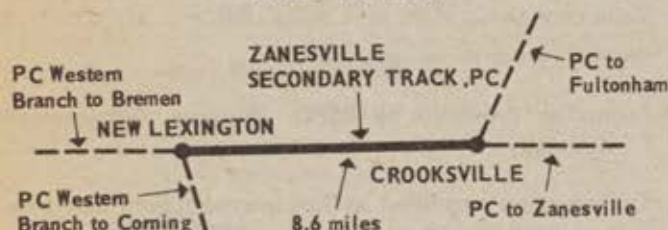
It is *not* recommended that this portion of the Morrow Secondary Track be included in the ConRail System.

The heavy traffic on the line indicates that the possibilities for increased rates to achieve viability should be explored before preparation of the final recommendation.

PORTION OF ZANESVILLE SECONDARY TRACK

USRA Line No. 496c

Penn Central



This portion of the Zanesville Secondary Track, formerly part of the Pennsylvania RR, extends from Crooksville (Milepost 29.0) to New Lexington (Milepost 38.3), a distance of 9.3 miles, in Perry County, Ohio. This line connects with PC's Western Branch at New Lexington and the Crooksville Running Track at Crooksville, both of which are under study in this Report. This line continues from Crooksville to Zanesville. This line was not described as potentially excess in the U.S. DOT Report (see Zone 102).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Lexington	409
Crooksville	228
Goston	0

Total carloads generated by the line	637
Average carloads per week	12.3
Average carloads per mile	74.1
Average carloads per train	2.7

1973 operating information:

Number of round trips per year	240
Estimated time per round trip (hours)	6
Locomotive horsepower	3,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Monsanto Company estimated 85 to 115 carloads in 1973. Mayor James Cannon stated plans for a Crooksville Industrial Park could bring additional tonnage to this line. Hull Pottery Co. estimated 111 carloads in 1973 and Elliot Lumber estimated 12 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$191,194
Average revenue per carload	\$300
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	182,433
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	18,132
Cost incurred beyond the branch line	144,956
Total variable (avoidable) cost	345,521
Net contribution (loss): Total	(154,417)
Average per carload	(242)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,314 cross-ties (an average of 356 cross-ties per mile).

Although this line generates a loss, it is required to serve USRA Segment 513/513a which generated a net contribution of \$211,650.

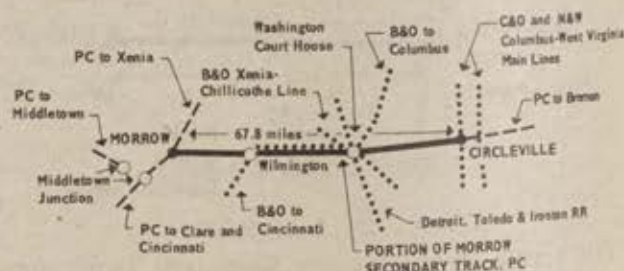
Recommendation

It is recommended that this portion of the Zanesville Secondary Track be included in the ConRail System.

PORTION OF MORROW SECONDARY TRACK

USRA Line No. 497/498/498a

Penn Central



This portion of the Morrow Secondary Track, formerly part of the Pennsylvania RR, extends from Circleville (Milepost 81.1) to Morrow, Ohio (Milepost 148.9), a distance of 67.8 miles, in Pickaway, Warren, Clinton, and Fayette Counties, Ohio. This line's eastern extension, to Bremen, is also under study in this Report. Between Washington Court House and Wilmington (19.3 miles) the Penn Central has trackage rights over the B&O Columbus-Cincinnati line; at Morrow, Penn Central lines from Cincinnati to Xenia, also under study in this Report, converge. At Washington Court House, a B&O line from Xenia to Chillicothe and the

DT&I Main Line cross. At Circleville, the N&W line running from Columbus to West Virginia points connect. In August 1972, Penn Central filed a petition to abandon the part of this line between Wilmington and Clarksville and to abandon Penn Central service over B&O trackage rights between Wilmington and Washington Court House. (ICC Docket No. AB-5, Sub. 80.) In August 1974, the PC made similar application to the U.S. Railway Association (Docket No. 75-35). This line was described as potentially excess in the U.S. DOT Report (see Zones 103 and 105).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Williamsport	60
Atlanta	70
New Holland	10
Washington Court House	441
Sabina	114
Melvin	3
Wilmington	96
Clarksville	1,015
Total carloads generated by the line	
	1,809
Average carloads per week	34.8
Average carloads per mile	37.3
Average carloads per train	6.0
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	11.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Washington Court House area Chamber of Commerce testified, PC, they say, serves four businesses that generated 209 carloads in 1973. Wilmington Iron and Metal Company says buyers of its products will not accept trucked shipments. Champion Bridge claims characteristics of their shipments (70 to 90 feet) preclude shipping by truck.

Information for Line Retention Decision

Revenue received by PC	\$527,406
Average revenue per carload	\$292
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	592,660
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	50,253
Cost incurred beyond the branch line	237,045
Total variable (avoidable) cost	879,958
Net contribution (loss): total	(352,552)
Average per carload	(195)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,347 cross-ties (an average of 131 cross-ties per mile).

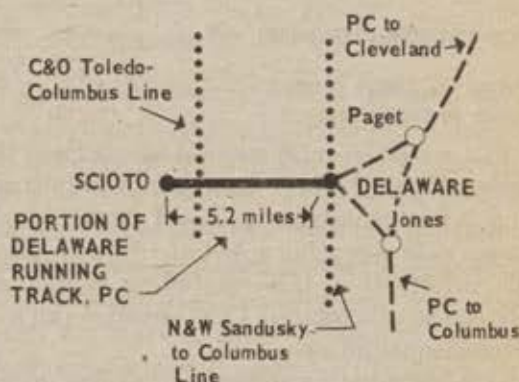
Preliminary Recommendation

It is *not* recommended that this portion of the Morrow Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$352,552 or \$195 per carload. Recovery of costs would require approximately a 120 percent increase in traffic or a 65 percent rate increase over the 1973 levels.

DELAWARE RUNNING TRACK

USRA Line No. 499a

Penn Central



This portion of the Delaware Running Track, formerly part of the New York Central RR, extends from Delaware (Milepost 114.0) to Scioto, Ohio (Milepost 119.2), a distance of 5.2 miles, in Delaware County, Ohio. The main lines of the Chesapeake & Ohio and the Norfolk & Western cross this branch with the C&O crossing east of Scioto and the N&W crossing at Delaware. At Delaware, the Penn Central Cleveland to Cincinnati main line crosses, this portion of which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Delaware	1,129
Scioto	318
Total carloads generated by the line	
	1,447

Average carloads per week	27.8
Average carloads per mile	278.3
Average carloads per train	5.3
1973 operating information:	
Number of round trips per year	275
Estimated time per round trip (hours)	4.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Delaware County Regional Planning Commission was in favor of Chessie assuming service over this line if it is not included in the ConRail System.

Information for Line Retention Decision

Revenue received by PC	\$486,928
Average revenue per carload	\$337
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	207,009
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	10,351
Cost incurred beyond the branch line	278,699
Total variable (avoidable) cost	496,059
Net contribution (loss) total	(9,131)
Average per carload	(6)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,539 crossties (an average of 296 crossties per mile).

Available information indicates that new industries on this line may generate an additional 2,500 carloads per year.

Although this line generates a loss, a 4 percent increase in traffic or a 2 percent rate increase will enable financial self-sufficiency.

Recommendation

It is recommended that this portion of the Delaware Running Track be included in the ConRail System.

PORTION OF GALION-COLUMBUS LINE

USRA Line No. 500

Penn Central

This portion of the Galion-Columbus Line, formerly part of the New York Central RR, extends from Sims Station (Milepost 87.2) to Worthington, Ohio (Mile-

post 128.5), a distance of 41.3 miles, in Franklin, Delaware and Morrow Counties, Ohio. This line is the former Cleveland-Cincinnati main line. The line runs via



Paget, Delaware and Jones; there is a direct PC track from Paget to Jones known as the Delaware Cut-Off, which is under study separately. At Edison, the PC Thurston Secondary Track connects, and the N&W Sandusky-Columbus line crosses at Delaware and Worthington. This line was described as potentially excess in the U.S. Department of Transportation Report (see Zones 103 and 112).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this line has potential as a passenger train route between Cleveland, Columbus and Cincinnati. The Delaware Farmers Exchange Association indicated that the loss of rail service could make a million dollars worth of plant facilities worthless.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Galion to Columbus line be included in the ConRail System.

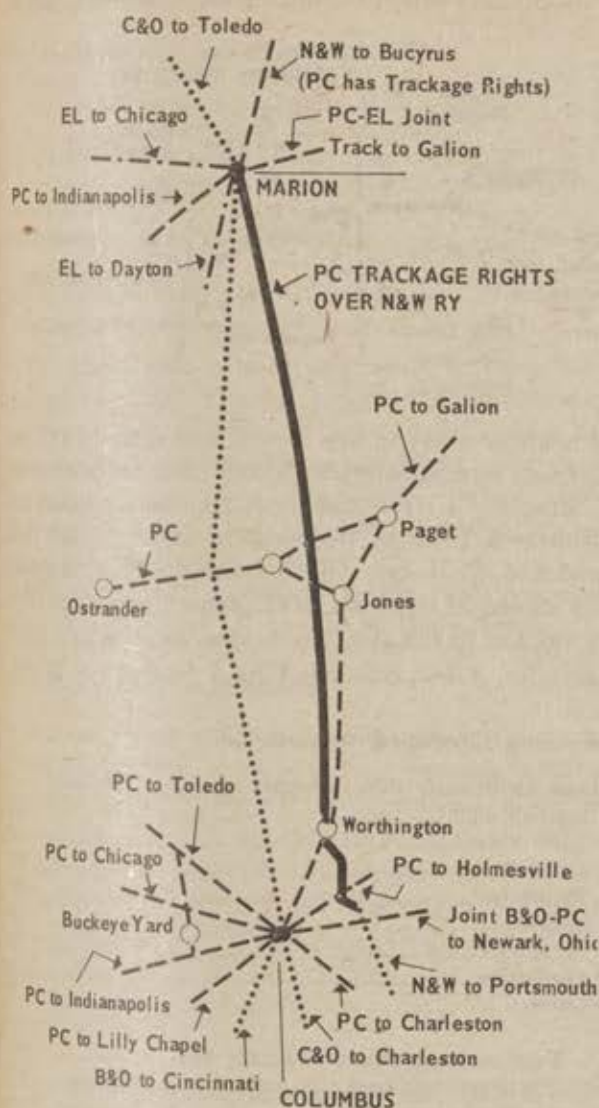
PC TRACKAGE RIGHTS OVER N&W

USRA Line No. 500a

Columbus-Marion

These trackage rights over the N&W Ry extend from Marion (Milepost 66.5) to Columbus, Ohio (Milepost

112.7) a distance of 46.2 miles, in Franklin, Delaware and Marion Counties, Ohio. This line is part of Norfolk & Western's through route from Sandusky to Colum-



bus; PC also has trackage rights from Marion to Bucyrus. There are six lines radiating from Marion and twelve lines serving Columbus in addition to this N&W line. This line was not shown in the U.S. DOT Report (see Zones 103 and 112).

Information for Line Retention Decision

The shippers on this line are served by the N&W. PC has trackage rights which allow it to use the line as an "overhead" route for through traffic.

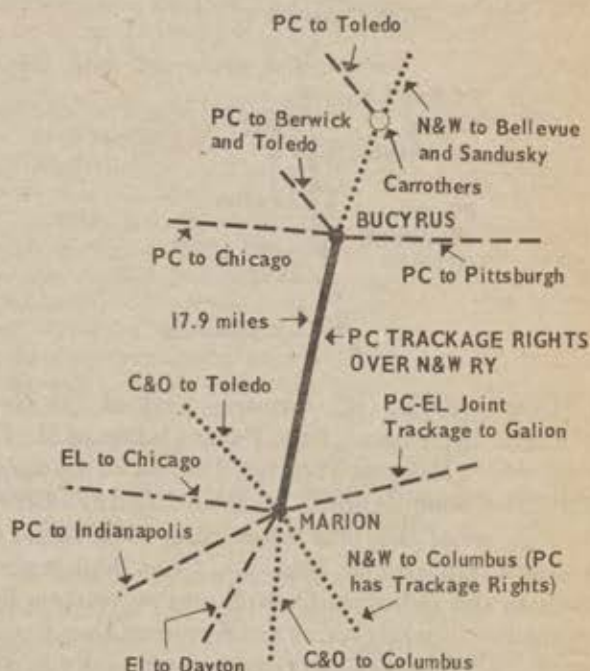
Recommendation

It is recommended that the trackage rights over this portion of the N&W be retained by the ConRail System.

PENN CENTRAL TRACKAGE RIGHTS OVER N&W RY.

USRA Line No. 500b

Bucyrus to Marion



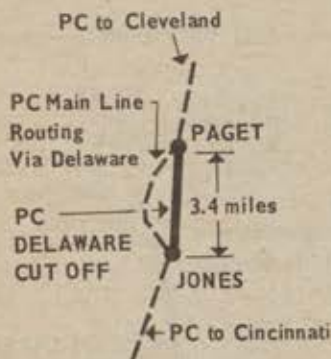
This portion of the Norfolk & Western Ry., over which the former Pennsylvania RR had trackage rights, extends from *Bucyrus* (Milepost 48.6) to *Marion, Ohio* (Milepost 66.5), a distance of 17.9 miles, in Crawford and Marion Counties, Ohio. This is a portion of the through Norfolk & Western Line between Sandusky and Columbus. PC also has trackage rights from Marion to Columbus. At Marion, three railroad lines cross; the Erie Lackawanna from Dayton and Chicago to Youngstown, the Chesapeake & Ohio from Toledo to Columbus, and the Penn Central St. Louis-to-Cleveland line. At Bucyrus the Penn Central Pittsburgh-Chicago line connects as does a branch to Berwick and Toledo which is also under study in this report. This line was not shown in the U.S. DOT Report (see Zone 112).

Information for Line Retention Decision

The shippers on this line are served by the N&W. PC has trackage rights which allow it to use the line as an "overhead" route.

Recommendation

It is recommended that the trackage rights over this section of the N&W be retained by the ConRail System.

DELAWARE CUT-OFF**USRA Line No. 501****Penn Central**

The Delaware Cut-Off, formerly part of the New York Central RR, extends from *Paget* (Milepost 111.1), to *Jones*, Ohio (Milepost 117.1), a distance of 3.4 miles, in Delaware County, Ohio. The Penn Central's Cleveland-to-Cincinnati line uses the routing from Paget to Jones which runs around Delaware, Ohio. This branch is known as the Delaware Cut-off, and serves as a bypass route for through trains not servicing shippers in Delaware. This line was described as potentially excess in the U.S. DOT Report (see Zone 103).

Information Provided by RSPO, Shippers, Government Agencies

No specific information for this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

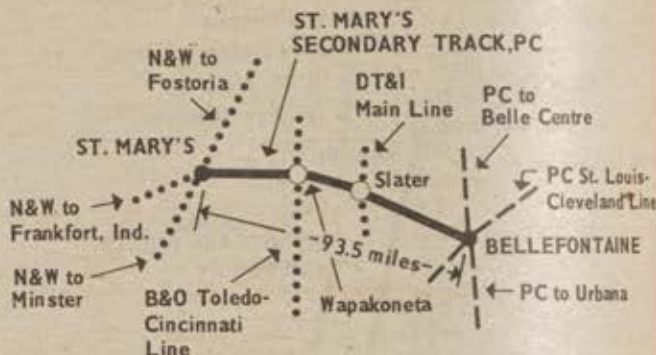
Recommendation

It is recommended that the Delaware Cut-Off be included in the ConRail System.

ST. MARY'S SECONDARY TRACK**USRA Line No. 502/503/504****Penn Central**

The St. Mary's Secondary Track, formerly part of the New York Central RR, extends from *Bellefontaine* (Milepost 54.7), to *St. Mary's* (Milepost 93.5), a dis-

tance of 38.8 miles, in Logan and Auglaize Counties, Ohio. This line branches off the Penn Central's St. Louis-Cleveland Main Line at Bellefontaine where it also connects with a PC branch to Belle Centre, which



also is under study in this report, and with the PC line to Urbana and Springfield. Three other railroads cross this line; the Detroit-Toledo & Ironton at Slater, the Baltimore & Ohio at Wapakoneta and the Norfolk & Western at St. Mary's. This line was described as potentially excess in the U.S. DOT Report (see Zone 110). The PC has filed a petition to abandon this line (ICC Docket No. AB-5, Sub. 68; USRA Docket No. 75-23).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Russells Point	2
Lake View	5
Santa Fe	132
Wapakoneta	223
Moulton	18
St. Mary's	63
Lewistown	0
Gutman	0

Total carloads generated by the line	443
Average carloads per week	8.5
Average carloads per mile	11.4
Average carloads per train	5.5
1973 operating information:	
Number of round trips per year	80
Estimated time per round trip (hours)	12.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office, as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Ametek Westchester Plastics Company at Wapakoneta recently completed a \$1.3 million plant expansion. Testimony indicated that Ametek shipped 720 carloads in 1973 although USRA shipper files indicate only 5 carloads moved via PC. It appears that the remainder of this traffic moved by the B&O.

Information for Line Retention Decision

Revenue received by PC	\$116,128
Average revenue per carload	\$262
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	319,789
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	57,787
Cost incurred beyond the branch line	76,979
Total variable (avoidable) cost	454,555
Net contribution (loss): total	(388,427)
Average per carload	(764)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,000 crossties (an average of 155 crossties per mile).

Discussions will be held with the B&O concerning their assumption of all service at Wapakoneta.

Preliminary Recommendation

It is *not* recommended that the St. Mary's Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$338,427 or \$764 per carload. Recovery of costs would require approximately a nine-fold increase in traffic or a 300 percent rate increase over the 1973 levels.

BELLEFONTAINE RUNNING TRACK

USRA Line No. 505/506



The Bellefontaine Running Track, formerly part of the New York Central RR, extends from Belle Centre (Milepost 85.9) to Bellefontaine, Ohio (Milepost 94.0), a distance of 8.1 miles, in Logan County, Ohio. This line is a spur off the Penn Central's Indianapolis-Cleveland line which passes through Bellefontaine. Also serving Bellefontaine are the St. Mary's Secondary

Track which is also under study in this Report, and the Bellefontaine Branch, both PC. In July, 1972, the Penn Central filed a petition with the ICC to abandon the segment of this branch north of Huntsville (ICC Docket No. AB-5, Sub. 76). No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 110).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Belle Centre	29
Huntsville	27
Total carloads generated by the line	56
Average carloads per week	1.1
Average carloads per mile	6.9
Average carloads per train	1.4
1973 Operating Information:	
Number of round trips per year	40
Estimate time per round trip, hours	2.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$16,827
Average revenue per carload	\$300
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	58,121
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	13,726
Cost incurred beyond the branch line	7,714
Total variable (avoidable) cost	79,561
Net contribution (loss): total	(62,734)
Average per carload	(1,120)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,300 crossties (an average of 407 crossties per mile).

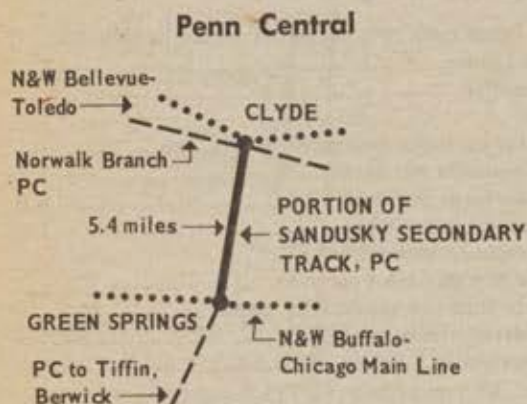
Preliminary Recommendation

It is *not* recommended that this portion of the Bellefontaine Running Track be included in the ConRail System. Continued operation of this line would require a rail continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$62,734 or \$1,120 per

carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 370 percent rate increase over the 1973 levels.

PORTION OF SANDUSKY SECONDARY TRACK

USRA Line No. 507



This portion of the Sandusky Secondary Track, formerly part of the New York Central RR, extends from *Clyde* (Milepost 17.3) to *Green Springs, Ohio*, (Milepost 22.7), a distance of 5.4 miles, in Seneca and Sandusky Counties, Ohio. This segment is the upper portion of the PC's Sandusky Secondary Track; the lower segments (below Green Springs) are also under study in this report. At Clyde, the Penn Central's Norwalk Branch, also under study, and the N&W's Bellevue-Toledo lines cross and at Green Springs, the N&W's Buffalo-Chicago Main Line is met. The Penn Central has filed a petition to abandon this line (ICC Finance Docket No. 26810). The ICC tentatively approved the abandonment, but stayed the order owing to protests until December 9, 1974. The line was abandoned as of December 9, 1974. This line was described as potentially excess in the U.S. DOT Report (see Zone 100).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Green Springs	65
Total carloads generated by the line	65
Average carloads per week	1.3
Average carloads per mile	12.0
Average carloads per train	2.2
1973 operating information:	
Number of round trips per year	30
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected

in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$13,238
Average revenue per carload	\$204
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	38,817
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	14,952
Cost incurred beyond the branch line	9,445
Total variable (avoidable) cost	63,214
Net contribution (loss) total	(\$49,976)
Average per carload	(\$769)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,622 crossties (an average of 486 crossties per mile).

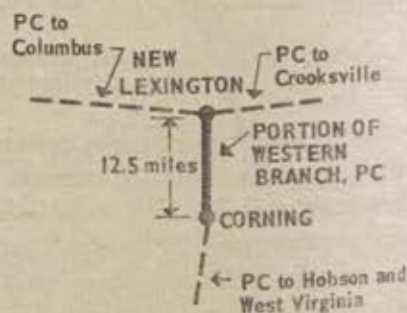
Preliminary Recommendation

It is *not* recommended that this portion of the Sandusky Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$49,976 or \$769 per carload. Recovery of costs would require approximately a thirteen-fold increase in traffic or a 380-percent rate increase over the 1973 levels.

PORTION OF WESTERN BRANCH

USRA Line No. 513/513a

Penn Central



This portion of the Western Branch, formerly part of the New York Central RR, extends from *New Lexington* (Milepost 185.0) to *Corning, Ohio* (Milepost 197.5), a distance of 12.5 miles, in Perry County, Ohio.

This line is a middle segment of the Columbus-Charleston, West Virginia, Western Branch, which is under study in this report. The PC Zanesville Secondary Track running east from New Lexington to Crooksville and Zanesville is also under study. The portion of this line from New Lexington to near Moxahala was not described as potentially excess in the U.S. DOT Report (see Zone 104).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sunnyhill	3,019
Total carloads generated by the line.....	3,019
Average carloads per week.....	58.1
Average carloads per mile.....	241.5
Average carloads per train.....	20.3
1973 operating information:	
Number of round trips per year.....	150
Estimated time per round trip (hours).....	8.0
Locomotive horsepower.....	1,750
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" reflected concern that this entire line to West Virginia be retained to connect the coal fields in southeastern Ohio and southwest West Virginia.

Information for Line Retention Decision

Revenue received by PC.....	\$854,962
Average revenue per carload.....	\$283
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	233,076
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	410,236
Total variable (avoidable) cost.....	643,312
Net contribution (loss): total.....	211,650
Average per carload.....	70

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA staff has confirmed the existence of a large active mine at Sunnyhill.

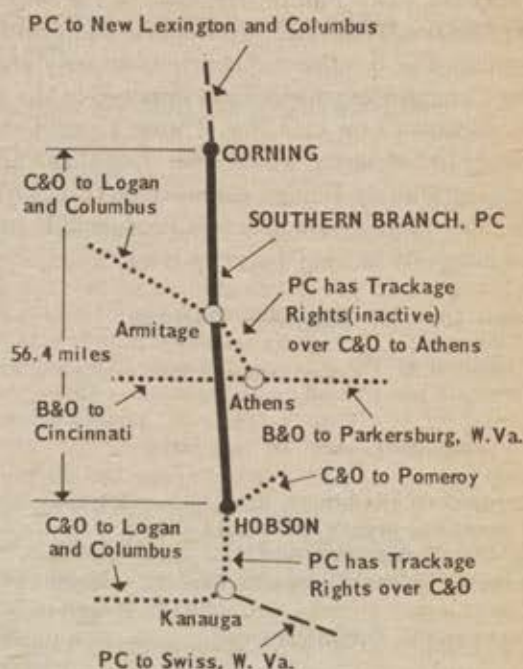
Recommendation

It is recommended that this portion of the Western Branch be included in the ConRail System.

SOUTHERN BRANCH

USRA Line No. 514

Penn Central



The Southern Branch, formerly part of the New York Central RR, extends from Corning (Milepost 0.0) to Hobson, Ohio (Milepost 56.4), a distance of 56.4 miles, in Perry, Athens, and Meigs Counties, Ohio. A continuation of this line extends southeastward from Hobson (a portion of this, Hobson to Kanauga, is owned by the Chesapeake & Ohio and PC operates via trackage rights). Connections are: the aforementioned Chesapeake & Ohio line at Hobson and at Armitage; the Baltimore & Ohio at Grosvenor; and the PC Western Branch at Corning. The continued portion and the PC Western Branch are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 102 and 104).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Gloucester	7
Chancey	15
Armitage	4
Athens	6
Grosvenor	0
Albany	7
Hobson	11

Total carloads generated by the line.....	50
Average carloads per week.....	1.0
Average carloads per mile.....	0.9
Average carloads per train.....	1.0
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	6
Locomotive horsepower.....	6,750
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Columbus and Southern Electric Company and the Columbia Cement Corporation are opposed to the abandonment of service on this line. Union Carbide Corp. emphasized its concern about the inability of the Charleston or Gauley Bridge connections to absorb the increased flow of rail cars and the questionable ability to receive adequate service if service is curtailed.

Information for Line Retention Decision

Revenue received by PC	\$12,400
Average revenue per carload	\$249
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	384,155
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	42,837
Cost incurred beyond the branch line	9,308
Total variable (avoidable) cost	436,300
Net contribution (loss): total	(423,840)
Average per carload	(8,477)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph.). Based on available information, this upgrading would include the replacement of a total of 2,810 cross-ties (an average of 50 cross-ties per mile).

USRA staff have been unable to establish the presence of coal reserves capable of being mined adjacent to this line.

Preliminary Recommendation

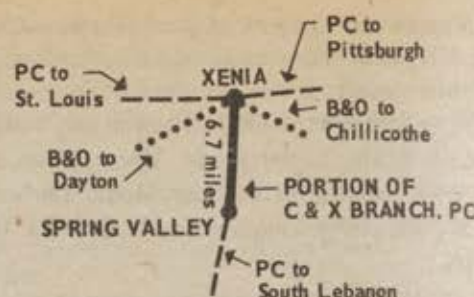
It is *not* recommended that the Southern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$423,840 or \$8,477 per carload. Recovery of costs would require approximately a one hundred-fold increase in traffic or a 3,400 per cent rate increase over the 1973 levels.

PORTION OF C&X BRANCH

USRA Line No. 515

Penn Central

This portion of the C&X Branch, formerly part of the Pennsylvania RR, extends from Xenia (Milepost



54.7) to Spring Valley (Milepost 61.4), a distance of 6.7 miles, in Greene County, Ohio. This line is the northern segment of the Penn Central's C&X branch. Its lower portions are also under study in this Report. At Xenia the Penn Central Pittsburgh-St. Louis Main Line and the Baltimore & Ohio Dayton-Chillicothe lines cross. This line was described as potentially excess in the U.S. DOT Report (see Zone 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Xenia ¹	1,208
Total carloads generated by the line	1,208
Average carloads per week	23.2
Average carloads per mile	180.3
Average carloads per train	12.1
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	5
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Green Landmark Corporation stated that if rail service were eliminated, grain shipments might increase in cost about 5 to 10 cents per bushel. Super Valu Stores have projected 875 carloads in 1974 and handled 844 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$204,180
Average revenue per carload	\$244
Variable (avoidable) cost of continued services:	
Cost incurred on the branch line	114,986
Cost of upgrading branch line to FRA Class I. (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	187,142
Total variable (avoidable) cost	\$302,128
Net contribution (loss)	(7,600)
Average per carload	(9)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although service to the entire line generates a loss, a 7 percent growth in traffic or a 2 percent rate increase would make this portion of the line financially self-sufficient.

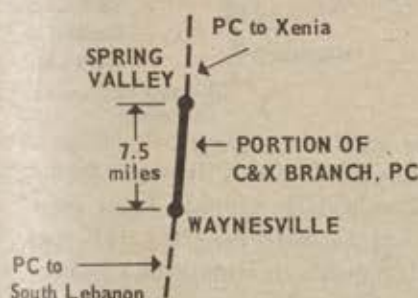
Recommendation

It is recommended that this portion of the C&X Branch be included in the ConRail System.

PORTION OF C&X BRANCH

USRA Line No. 516

Penn Central



This portion of the C&X Branch, formerly part of the Pennsylvania RR, extends from *Spring Valley* (Milepost 61.4) to *Waynesville, Ohio* (Milepost 68.9), a distance of 7.5 miles, in Warren and Greene Counties, Ohio. This line is a middle segment of the Penn Central's C&X branch; both the northern and southern connecting segments are also under study in this report. This line was described as potentially excess in the U.S. DOT Report (see Zones 106 and 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Spring Valley	23
Roxanna	56
Waynesville	27
Total carloads generated by the line	
Average carloads per week	2.0
Average carloads per mile	14.1
Average carloads per train	2.1
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected

in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Correspondence from the Waynesville Lumber & Supply Company at Waynesville indicates that car shortages, poor condition of cars, and improper handling of cars contributed to the low volume of traffic handled on the line.

Information for Line Retention Decision

Revenue received by PC	\$31,687
Average revenue per carload	\$299

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	66,966
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	5,465
Cost incurred beyond the branch line	15,384

Total variable (avoidable) cost 87,815

Net contribution (loss): total	(56,128)
Average per carload	(530)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 288 crossties (an average of 38 crossties per mile).

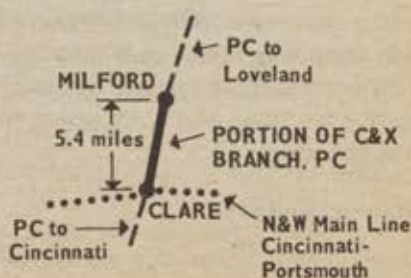
Preliminary Recommendation

It is *not* recommended that this portion of the C&X branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$56,128 or \$530 per carload. Recovery of costs would require approximately a threefold increase in traffic or a 180 percent rate increase over the 1973 levels.

PORTION OF C&X BRANCH

USRA Line No. 516b

Penn Central



This portion of the C&X Branch, formerly part of the Pennsylvania RR, extends from *Milford* (Milepost

105.6) to *Clare, Ohio* (Milepost 111.0), a distance of 5.4 miles, in Hamilton County, Ohio. The northern part of this branch, from Milford to Loveland and Xenia is also under study in this report. Below Clare, this line runs into Undercliff Yard in Cincinnati. At Clare the Main Line of the Norfolk & Western crosses. This line was not described as potentially excess in the U.S. DOT Report (see Zone 106).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Milford	118
Terrace Park	0

Total carloads generated by the line	118
Average carloads per week	2.3
Average carloads per mile	46.3
Average carloads per train	2.3

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	5
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that *Cle. mont Lumber* generated 103 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$27,809
Average revenue per carload	\$236

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	58,376
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	3,863
Cost incurred beyond the branch line	18,376

Total variable (avoidable) cost	80,615
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Net contribution (loss): total	(52,716)
Average per carload	(447)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 192 crossties (an average of 35 crossties per mile).

Preliminary Recommendation

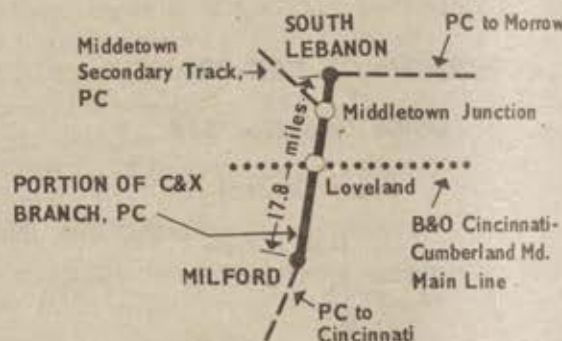
It is not recommended that this portion of the C&X Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost

levels, this line generates an annual excess financial burden amounting to \$52,716 or \$447 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 190-percent rate increase over the 1973 levels.

PORTION OF C&X BRANCH

USRA Line No. 516c

Penn Central



This portion of the C&X Branch, formerly part of the Pennsylvania RR, extends from *South Lebanon* (Milepost 87.8) to *Milford, Ohio* (Milepost 105.6), a distance of 17.8 miles, in Hamilton, Clermont and Warren Counties, Ohio. The northern and southern continuations of this branch (to Morrow and Cincinnati, respectively) are also under study in this report. At Middletown Junction the PC Middletown Secondary Track connects and at Loveland the Cincinnati-Cumberland, Maryland Main Line of the Baltimore & Ohio RR crosses. This line was not described as potentially excess in the U.S. DOT Report (see Zone 106).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Lebanon	12
Loveland	27

Total carloads generated by the line	39
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Average carloads per week	0.8
Average carloads per mile	2.2
Average carloads per train	0.8

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$11,889
Average revenue per carload.....	\$305
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	126,373
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	11,442
Cost incurred beyond the branch line.....	6,834
Total variable (avoidable) cost.....	144,649
Net contribution (loss): total.....	(132,760)
Average per carload.....	(3,404)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 645 crossties (an average of 36 crossties per mile).

Preliminary Recommendation

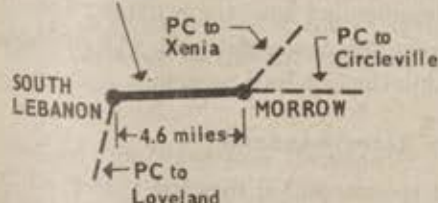
It is *not* recommended that this portion of the C&X Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$132,760 or \$3,404 per carload. Recovery of costs would require approximately a twenty-six-fold increase in traffic or a 1,120 percent rate increase over the 1973 levels.

PORTION OF C&X BRANCH

USRA Line No. 516d

Penn Central

PORTION OF C&X BRANCH, PC



This portion of the C&X Branch, formerly part of the Pennsylvania RR, extends from Morrow (Milepost 83.2) to South Lebanon, Ohio (Milepost 87.8), a distance of 4.6 miles, in Warren County, Ohio. This line is a central link in Penn Central's C&X Branch. At Morrow, two lines, both under study, radiate to Xenia and Circleville. At South Lebanon, the southern portion of the C&X branch continues to Loveland. All

lines connecting with this one are also under study in this report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 106).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Morrow.....	38
Total carloads generated by the line.....	38
Average carloads per week.....	0.7
Average carloads per mile.....	8.3
Average carloads per train.....	1.5
1973 operating information:	
Number of round trips per year.....	25
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	1,500
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$6,132
Average revenue per carload.....	\$161
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	39,351
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	2,639
Cost incurred beyond the branch line.....	5,348
Total variable (avoidable) cost.....	47,338
Net contribution (loss): total.....	(41,206)
Average per carload.....	(1,084)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 171 crossties (an average of 37 crossties per mile).

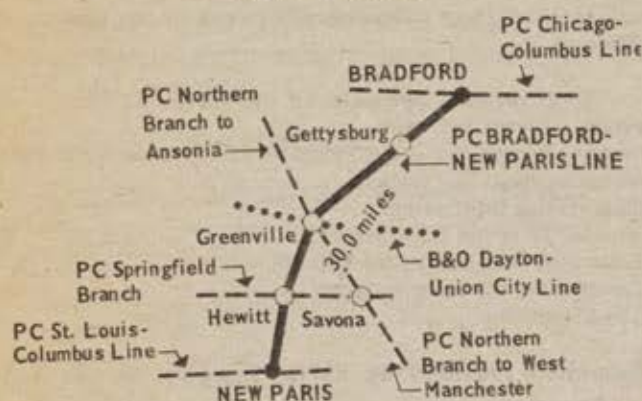
Preliminary Recommendation

It is *not* recommended that this portion of the C&X Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$41,206 or \$1,084 per carload. Recovery of costs would require approximately a fifty-two-fold increase in traffic or a 670 percent rate increase over the 1973 levels.

BRADFORD-NEW PARIS LINE

USRA Line No. 517

Penn Central



The Bradford-New Paris Line, formerly part of the Pennsylvania RR, extends from *Bradford* (Milepost 83.5) to *New Paris, Ohio* (Milepost 113.5), a distance of 30.0 miles, in Darke and Preble Counties, Ohio. This line connects the PC Chicago-Columbus line at Bradford with the St. Louis-Columbus line at New Paris. This line is also crossed by the PC Springfield Branch at Hewitt and the PC Northern Branch at Greenville, both of which are also under study in this Report, and by the B&O Indianapolis-to-Dayton line at Greenville. In July 1972, the PC applied to the ICC for permission to abandon this line (except for 4 miles near Greenville); Docket No. AB-5, Sub. 64-65. No final action has been taken on this application. This line was not described as potentially excess in the U.S. DOT Report (see Zones 108 and 110).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Gettysburg	7
Greenville ¹	1,006
New Madison	35
Total carloads generated by the line	1,048
Average carloads per week	20.2
Average carloads per mile	34.9
Average carloads per train	4.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,750
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services

Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$309,068
Average revenue per carload	\$205
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	317,733
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	24,087
Cost incurred beyond the branch line	165,201
Total variable (avoidable) cost	507,001
Net contribution (loss): total	(197,913)
Average per carload	(189)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 66 crossties per mile).

The PC Industrial Development Department has notified USRA staff that there are negotiations underway for a new plastics plant in Greenville, Ohio. No commitments have been made for this plant as of January 1975. The plant would generate 24 carloads a year.

Although service to the entire line generates a loss, service to the line from Milepost 83.5 to Milepost 94.6 (serving shippers at Greenville and Gettysburg who generated 1,013 carloads in 1973) would generate \$299,900 in revenue and \$294,573 in costs with a resulting net contribution of \$5,327 or \$5 per carload.

Recommendation

It is recommended that the portion of the Bradford to New Paris line from Milepost 83.5 to Milepost 94.6 be included in the ConRail System.

Preliminary Recommendation

It is *not* recommended that the portion of the Bradford to New Paris line from Milepost 94.6 to Milepost 113.5 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$143,155 or \$4,090 per carload. Recovery of costs would require approximately a 34-fold increase in traffic or a 1,555 percent rate increase over the 1973 levels.

TRACKAGE RIGHTS OVER B&O OLD RIVER JCT- NEW RIVER JCT

USRA Line No. 518

Penn Central



These PC trackage rights over the Baltimore & Ohio extend from *Old River Junction* (Milepost 31.5), to *New River Junction, Ohio* (Milepost 33.1), a distance of 1.6 miles, in Butler County, Ohio. This stretch of B&O tracks forms a part of PC's Cincinnati-Richmond line. The PC-owned portion north of New River Junction to Eaton is also under study in this Report. This trackage is part of the B&O's Dayton-Cincinnati line, which diverges from the Richmond branch at both ends of this segment. In July 1973, the PC filed to abandon operation over this line (ICC Docket No. AB-5, Sub. 186). No final action has been taken. This line was not described as potentially excess in the U.S. DOT Report (see Zone 107).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

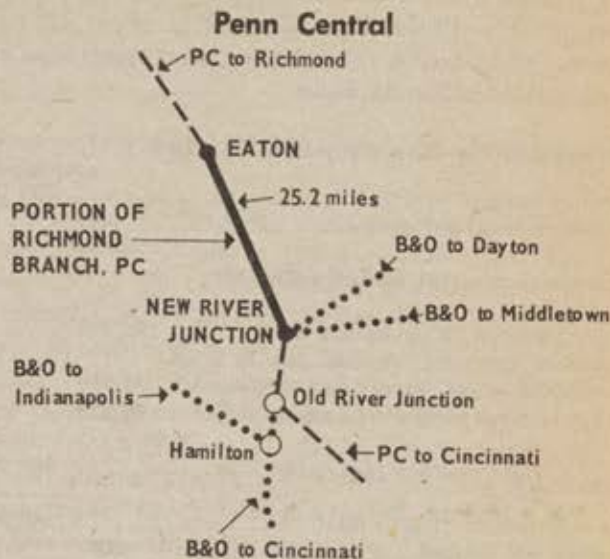
PC trackage rights over this line are used to serve USRA line segments Nos. 519 and 520. The preliminary recommendation for these segments is that they *not* be included in the ConRail System. Therefore, these trackage rights over the B&O are not required.

Preliminary Recommendation

It is *not* recommended that trackage rights over this portion of the B&O be included in the ConRail System.

PORTION OF RICHMOND BRANCH

USRA Line No. 519/520



This portion of the Richmond Branch, formerly part of the Pennsylvania RR, extends from *New River Junction* (Milepost 33.1) to *Eaton, Ohio* (Milepost 58.3), a distance of 25.2 miles, in Butler and Preble Counties, Ohio. This segment was part of PC's line from Cincinnati to Richmond, Logansport and Chicago. The 1.6 miles south of New River Junction (where PC runs over B&O via trackage rights) are also under study in this report. The connecting line at New River Junction is the B&O's Dayton-Cincinnati line. In July 1973, the PC filed with the ICC for permission to abandon the portion of this line between New River Junction and Camden (Docket AB-5, Sub. 186). This line was described as potentially excess in the U.S. DOT Report (see Zones 107 and 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Seven Mile	62
Somerville	20
Camden	202

Total carloads generated by the line	284
Average carloads per week	5.5
Average carloads per mile	11.4
Average carloads per train	2.7
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	4
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that trucks would not be a feasible alternative to rail service as a limited number of trucks are available in an agricultural area. Butler Farm Bureau at Seven Mile has recently purchased a 1,000 ton fertilizer warehouse and expects rail traffic to increase.

Information for Line Retention Decision

Revenue received by PC	\$98,131
Average revenue per carload	\$345
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	192,076
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	20,729
Cost incurred beyond the branch line	55,319
Total variable (avoidable) cost	268,124
Net contribution (loss): total	(169,993)
Average per carload	(600)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 800 crossties (an average of 32 crossties per mile).

Preliminary Recommendation

It is not recommended that this portion of the Richmond Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$169,993 or \$600 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 175 percent rate increase over the 1973 levels.

PORION OF BLUE ASH SECONDARY TRACK

USRA Line No. 525

Penn Central

This portion of the Blue Ash Secondary Track, formerly part of the Pennsylvania RR, extends from Lebanon (Milepost 26.6) to Hageman, Ohio (Milepost 31.4), a distance of 4.8 miles, in Warren County, Ohio. This line is the northern end of the Blue Ash Secondary Track which runs south to Mason and Cincinnati (out of service south of Mason). It connects at Hageman with the Middletown Secondary Track. This line was described as potentially excess in the U.S. DOT Report (See Zone 106).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lebanon	311
Total carloads generated by the line	311
Average carloads per week	6.0
Average carloads per mile	64.8
Average carloads per train	3.1
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that unemployment would result if service were discontinued. "Lack of rail service would mean the loss of 160 jobs at Valley Kitchens, Inc., and 12 to 15 jobs at the Lebanon Lumber Company." Dave Steel stated that trucks could not handle its 40- to 60-foot structural steel shipments. Agri-Urban Corporation would have to discontinue receiving fertilizer from Florida and New Mexico. Testimony also indicates that there is some possibility for traffic growth on this line.

Information for Line Retention Decision

Revenue received by PC	\$80,565
Average revenue per carload	\$259
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	60,810
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	17,476
Cost incurred beyond the branch line	50,909
Total variable (avoidable) cost	129,195
Net contribution (loss) total	(48,630)
Average per carload	(156)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,592 crossties (an average of 540 crossties per mile).

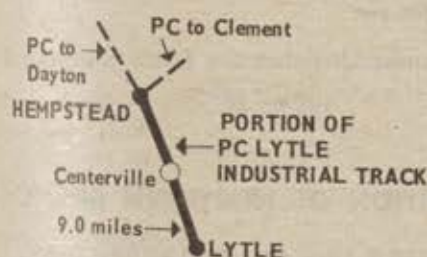
Preliminary Recommendation

It is *not* recommended that this portion of the Blue Ash Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$48,630 or \$156 per carload. Recovery of costs would require approximately a 150 percent increase in traffic or a 60 percent rate increase over the 1973 levels.

PORTION OF LYTLE INDUSTRIAL TRACK

USRA Line No. 527/528

Penn Central



This portion of the Lytle Industrial Track, formerly part of the Pennsylvania RR, extends from Hempstead (Milepost 7.0) to Lytle, Ohio (Milepost 16.0), a distance of 9.0 miles, in Montgomery and Warner Counties, Ohio. This is an industrial line which runs southwest from Dayton. Its connections, the Lytle Running track to Clement and the northern extension of the Industrial track to Dayton are both under study in this Report. Penn Central has filed a petition to abandon the segment of this line between Centerville (Milepost 11.0) and Lytle. No action has been taken on the application. This line was described as potentially excess in the U.S. DOT Report (see Zones 106 and 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lytle	89
Centerville	650
Total carloads generated by the line	748

Average carloads per week	14.4
Average carloads per mile	83.1
Average carloads per train	7.5
1973 operating information:	
Number of round trips per year	100
Estimate time per round trip (hours)	3
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the largest employer in the city of Centerville, Ohio, McMillan-Bloedel, Inc., depended on the Penn Central for the shipment of raw materials. This firm received over 600 carload shipments in 1973. This company projects a rail service increase to 920 cars. Smokey Lumber Co. and Snyder Concrete Products Co. state that shipping their commodities by truck would not be feasible. Additional tonnage on this line is expected because of the expansion of the Smokey Lumber Co.

Information for Line Retention Decision

Revenue received by Pc	\$160,972
Average revenue per carload	\$215
Variable (avoidable cost of continued service):	
Cost incurred on the branch line	98,070
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	20,868
Cost incurred beyond the branch line	104,164
Total variable (avoidable) cost	223,102
Net contribution (loss): total	(62,130)
Average per carload	(83)

This line would require upgrading to meet the requirement of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum of operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,500 crossties (an average of 500 crossties per mile). A representative of Centerville stated that 400 acres have been set aside for a new industrial complex which will generate approximately 24,000 carloads per year.

Preliminary Recommendation

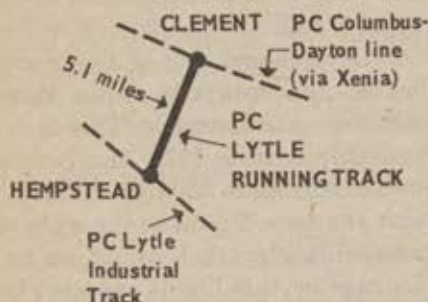
Although the preliminary recommendation is that this portion of the Lytle Industrial Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy.

Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$62,130 or \$83 per carload. Recovery of costs would require approximately a 110 per cent increase in traffic or a 40 per cent rate increase over the 1973 levels.

LYTLE RUNNING TRACK

USRA Line No. 529

Penn Central



The Lytle Running Track, formerly part of the Pennsylvania RR, extends from *Clement* (Milepost 0.0) to *Hempstead, Ohio* (Milepost 5.1), a distance of 5.1 miles, in Montgomery County, Ohio. This line connects with the PC Columbus-Dayton line at Clement. It connects with the PC Lytle Industry Track at Hempstead, also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clement	0
Hempstead	0
Shaker Crossing	1,398
Dayton ¹	58

Total Carloads Generated by the Line:	1,456
Average carloads per week	28.0
Average carloads per mile	28.5
Average carloads per train	5.8
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip, hours	4
Locomotive horsepower	1,750
Train crew size	5

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Top Value Company would have to alter their dock facility to handle additional trucks. They also re-

ported that this particular line has recently been modernized by the PC. Traffic profile shows that Deleo Products shipped and received 1,431 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$901,679
Average revenue per carload	\$619
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	149,220
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	12,658
Cost Incurred Beyond the Branch Line	405,918
Total Variable (Avoidable) Cost	567,796
Net contribution (loss): total	333,883
Average per carload	229

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,752 crossties (an average of 540 crossties per mile).

Recommendation

It is recommended that the Lytle Running Track be included in the ConRail System.

PORTION OF NORTHERN BRANCH

USRA Line No. 531/531a/532

Penn Central



This portion of the Northern Branch, formerly part of the New York Central RR, extends from *Bryan* (Milepost 60.0) to *Van Wert, Ohio* (Milepost 102.0).

a distance of 42.0 miles, in Williams, Defiance, Paulding and Van Wert Counties, Ohio. This line is part of PC's through line between West Manchester, Ohio and Jackson, Mich.; both the northern and southern continuations of this line are under study in this Report. Three lines cross this segment of the Northern Branch. The PC Chicago-Buffalo Line at Bryan, the B&O Chicago-Pittsburgh Main Line at Sherwood, the N&W Fort Wayne-Toledo Line at Cecil and their Chicago-Cleveland Line at Latty, and the PC Chicago-Pittsburgh Line at Van Wert. Penn Central has filed a petition to abandon the segment of this line between north Paulding and Bryan, ICC Docket AB-5, Sub 112, 113, USRA Docket 75-34. Parts of this line were described as potentially excess in the U.S. DOT Report (see Zones 111 and 114).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Key	35
N. Paulding	739
Sherwood	98
Cecil	2
Paulding	373
Latty	0
Haviland	35
Scott	145
Carett	2
Total carloads generated by the line	1,429
Average carloads per week	27.5
Average carloads per mile	34.0
Average carloads per train	4.8

1973 operating information:

Number of round trips per year	300
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Scott Equity Exchange Company testified it was unable to secure the desired number of rail cars and that it had to wait two months to receive some cars. This company also reported that 2,395 cars have been moving northbound over the past three years from Van Wert to Bryan. Defiance Landmark, Inc. (letter from R. L. Cline) stated that the poor service rendered by Penn Central forced them to use motor carriers, thus raising the grain prices. General Portland, Inc., a Delaware Corporation (cement manufacturers), anticipated 350 carloads for 1974 over the trackage between Bryan and North Paulding. This company was scheduled to receive 1,250 carloads per year (letter from W. W. Marten).

Information for Line Retention Decision

Revenue received by PC	\$568,192
Average revenue per carload	\$398
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	526,541
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	52,695
Cost incurred beyond the branch line	285,433
Total variable (avoidable) cost	864,669
Net contribution (loss): total	(296,477)
Average per carload	(207)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,480 crossties (an average of 154 crossties per mile).

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Northern Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$296,477 or \$207 per carload. Recovery of costs would require approximately a 105 percent increase in traffic or a 50 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF NORTHERN BRANCH

USRA Line No. 533/534/534A/535

Penn Central

This portion of the Northern Branch, formerly part of the New York Central RR, extends from Van Wert (Milepost 104.2) to Ansonia, Ohio (Milepost 151.3), a distance of 47.1 miles, in Van Wert, Mercer and Darke Counties, Ohio. Five east-west lines cross this portion of the Northern Branch. They are the PC Chicago-Pittsburgh line at Van Wert, the N&W Marion-Delphos line and the EL main line at Ohio City, the N&W Muncie-St. Mary's line, which runs along the Northern Branch between Celina and Coldwater, and at Ansonia the PC Indianapolis-Cleveland main line. Both the

southern extension of this line (to West Manchester) and the northern extension (to Jackson, Mich.) are also under study in this Report. This line, except that por-



tion between Coldwater and Celina, was described as potentially excess in the U.S. DOT Report (see Zones 111 and 110).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ohio City	55
Rockford	202
Tama	0
Celina	893
Coldwater	137
St. Henry	479
Gilberts	13
New Weston	9
Rosburg	9
Total carloads generated by the line	1,797
Average carloads per week	34.6
Average carloads per mile	38.2
Average carloads per train	6.0
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip, hours	10
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that St. Henry Tile Co. estimated 420 carloads in 1973 and stated if rail service is lost, the firm will be forced to

close. Pet, Inc., estimated 380 carloads in 1973. Mercer Landmark, located in Rockford, estimated 180 carloads in 1973 and stated a switch to motor carrier would increase its transportation cost between \$100,000 and \$200,000.

Information for Line Retention Decision

Revenue received by PC	\$419,842
Average revenue per carload	\$234

Variable (Avoidable) Cost of Continued Service:

Cost Incurred on the Branch Line	547,842
Cost of Upgrading Branch Line to FRA Class I: (1/10 of Total Upgrading Cost)	99,874
Cost Incurred Beyond the Branch Line	243,200

Total Variable (Avoidable) Cost	890,916
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Net contribution (loss): total	(471,074)
Average per carload	(262)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 17,904 cross-ties (an average of 380 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that this portion of the Northern Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$471,074 or \$262 per carload. Recovery of costs would require approximately a 265 per cent increase in traffic or a 110 per cent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

SPRINGFIELD SECONDARY TRACK

USRA Line No. 536/537

Penn Central

The Springfield Secondary Track, formerly part of the Pennsylvania RR, extends from *Yellow Springs* (Milepost 7.5) to *Springfield* (Milepost 19.3), a distance of 11.8 miles, in Clark and Greene Counties, Ohio. At Springfield, this line has connection possibilities with seven lines; the PC to Dayton and Troy (the

latter also under study in this Report), the Detroit, Toledo & Ironton RR Main Line north or south, the PC line to Detroit, the PC Mechanicsburg Secondary Track and the PC line to Columbus (also under study in this Report). Penn Central has filed a petition to abandon the segment of this line between Emery Chapel



(Milepost 14.7) and Yellow Springs, ICC Docket No. AB-5, Sub. 153.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Yellow Springs.....	294
Emery Chapel.....	182
Springfield ¹	15

Total carloads generated by the line..... 491

Average carloads per week..... 9.4

Average carloads per mile..... 41.6

Average carloads per train..... 2.2

1973 operating information:

Number of round trips per year..... 220

Estimated time per round trip (hours)..... 5

Locomotive horsepower..... 1,000

Train crew size..... 5

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report," indicates that abandonment of this line would not only have adverse effect on the whole area, but would also be detrimental to the proposed construction of a multimillion dollar cargo facility at Springfield airport. P. K. Yellow Springs, Inc. states that changing to motor carriers would triple its freight bill. Morris Bean & Company states that it would have to terminate 465 jobs as a result of abandonment. The Devine Seed Company would have shipped two to three times as many carloads as it did in 1973, if service were acceptable.

Information for Line Retention Decision

Revenue received by PC.....	\$122,069
Average revenue per carload.....	\$249
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	153,497
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	29,000
Cost incurred beyond the branch line.....	74,875
Total variable (avoidable) cost.....	257,432
Net contribution (loss): total.....	(135,363)
Average per carload.....	(276)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 5,283 crossties (an average of 448 crossties per mile).

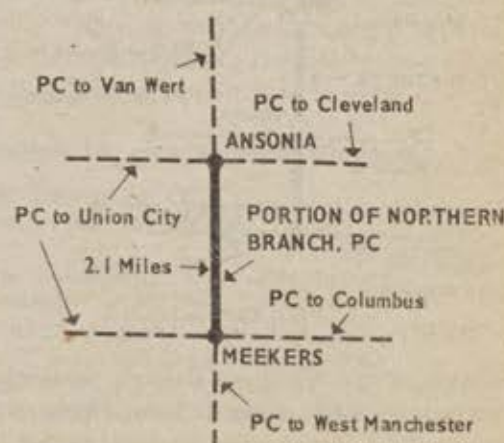
Preliminary Recommendation

It is *not* recommended that the Springfield Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$135,363 or \$276 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 110 percent rate increase over the 1973 levels. While costs may be lowered by reducing frequency, this alone will not make the line viable.

PORTION OF THE NORTHERN BRANCH

USRA Line No. 538

Penn Central



This portion of the Northern Branch, formerly part of the Pennsylvania RR, extends from Ansonia (Mile-

post 152.0) to *Meekers, Ohio* (Milepost 154.1), a distance of 2.1 miles, in Darke County, Ohio. A continuation of this line extends northward from Ansonia to Van Wert and southward from Meekers to West Manchester, both of which are under study in this Report. This line connects with the Penn Central line Indianapolis-Cleveland at Ansonia. It also connects with the Penn Central Chicago-Columbia line at West Manchester. A portion of this line was described as potentially excess in the U.S. DOT Report (see Zone 110).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers.

Preliminary Recommendation

It is *not* recommended that this portion of the Northern Branch be included in the ConRail System.

PORTION OF THE NORTHERN BRANCH

USRA Line No. 539/540/553a

Penn Central



This portion of the Northern Branch, formerly part of the Pennsylvania RR, extends from *Meekers* (Milepost 154.1) to *West Manchester, Ohio* (Milepost 173.8), a distance of 19.7 miles, in Darke and Preble Counties, Ohio. A continuation of this line extends northward to Ansonia and southward to Carlisle, both of which are

also under study in this Report. This line connects with the PC line Chicago-Columbus at Meekers and with the B&O Main Line Indianapolis-Dayton at Greenville. It also connects with the PC to New Paris at Greenville and with the PC St. Louis-Pittsburgh line at West Manchester, both of which are under study in this Report. Portions of this line were described as potentially excess in the U.S. DOT Report (see Zones 108 and 110).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Northern Branch be included in the ConRail System.

CARLISLE BRANCH

USRA Line No. 541

Penn Central



The Carlisle Branch, formerly part of the New York Central RR, extends from *West Manchester* (Milepost 174.0) to *Carlisle Junction, Ohio* (Milepost 203.9), a distance of 29.9 miles, in Preble, Montgomery and Warren Counties, Ohio. This line connects PC's St. Louis-Pittsburgh Line at West Manchester and with its Dayton-Cincinnati Line and a spur to Franklin at Carlisle Junction. It is an extension of the Penn Central Northern Branch which runs from West Manchester north

to Van Wert and Jackson, Mich. The Northern Branch is also under study in this report. The B&O Dayton-Cincinnati Line crosses at Carlisle. Except for a small portion near Carlisle Junction, this line was described as potentially excess in the U.S. DOT Report (see Zones 108 and 106).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that expansions by several plants might increase rail service on this line. Lewisburg Container Corp. (M.P. 179.5) expects to expand its plant so that carloads will climb to 1,095 in future years versus 1973 traffic of 104 carloads. In Germantown, the Duppes Company expects its heavy machine shipments to climb from 29 in 1973 to 80 carloads in future years. Without rail service, the Duppe facility may close, resulting in the termination of 200 jobs, and the loss of \$2.2 million in personal income and \$205,000 in tax revenues. The Ohio Underground Warehouse Corp. was planning to open a cold-storage facility at Lewisburg in September of 1974. According to their testimony, they project future shipments of 1,200 to 6,000 carloads per year. USRA staff has learned that the proposed underground warehouse is a project proposed by C. Schaefer. The project would use a 400-plus acre limestone quarry as the warehouse structure in a manner similar to one developed on the Burlington Northern near Quincy, Ill. The project has not been started yet and is complicated by the existence of a 2.5 per cent grade and 15 degree curve near the entrance to the quarry. Penn Central has suggested that Mr. Schaefer purchase a small switch engine and bring his cars two miles back to Lewisburg. No activity is under way at this time for development of the project.

Information for Line Retention Decision

This line is required for through freight service; therefore, local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that the Carlisle Branch be included in the ConRail System.

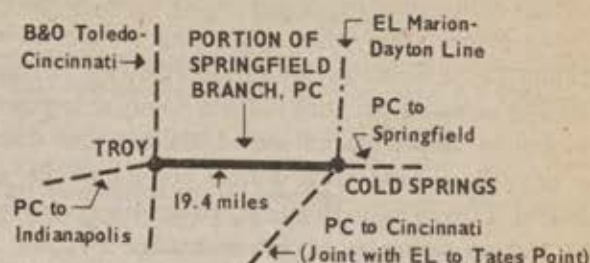
PORTION OF SPRINGFIELD BRANCH

USRA Line No. 549

Penn Central

This portion of the Springfield Branch, formerly part of the New York Central RR, extends from Cold Springs (Milepost 5.9) to Troy, Ohio (Milepost 25.3), a distance of 19.4 miles, in Miami and Clark Counties,

Ohio. This line is part of the old New York Central Line between Springfield and Indianapolis, which is under study in this Report west of Cold Springs. This



segment is crossed at Troy by the B&O's Toledo-Cincinnati line. At Cold Springs, it connects with the EL's Marion-Dayton line and the PC Cleveland-to-Cincinnati line. This line was described as potentially excess in the U.S. DOT Report (see Zones 108 and 109).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Donnelsville	0
New Carlisle	110
Brown	0
Grayson	28
Miami Siding	0
Troy ¹	114

Total carloads generated by the line	252
Average carloads per week	4.8
Average carloads per mile	13.0
Average carloads per train	2.4

1973 Operating Information:

Number of round trips per year	104
Estimated time per round trip, hours	8.0
Locomotive horsepower	1500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$83,187
Average revenue per carload	\$330

Variable (avoidable) cost of continued Service:

Cost incurred on the branch line	178,074
Cost of upgrading branch line to FRA Class I (1/10 of total Upgrading cost)	48,807
Cost incurred beyond the branch line	55,650

Total variable (avoidable) cost	282,531
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Net contribution (loss): total	(199,344)
Average per carload	(791)

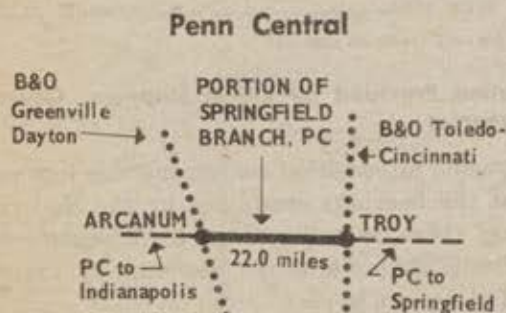
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 10,476 crossties (an average of 540 crossties per mile). Penn Central Industrial Development Dept. has informed USRA that discussions have been held with a firm for a new 58 acre facility at Troy, Ohio. However, there are no commitments and no estimates of future traffic.

Preliminary Recommendation

It is *not* recommended that this portion of the Springfield Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$199,344 or \$791 per carload. Recovery of costs would require approximately a seven-fold increase in traffic or a 315 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF SPRINGFIELD BRANCH

USRA Line No. 551



This portion of the Springfield Branch, formerly part of the New York Central RR, extends from Troy (Milepost 25.3), to Arcanum (Milepost 47.3) a distance of 22.0 miles, in Miami and Darke Counties, Ohio. This line is a segment of the old New York Central line from Springfield to Indianapolis, which is under study in this Report. B&O lines cross this segment at its endpoints; the Indianapolis-Dayton line at Arcanum and the Toledo-Cincinnati line at Troy. This line was described as potentially excess in the U.S. DOT Report (see Zones 108 and 110).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Troy*	1,607
Kessler	1
Ludlow Falls	24
Laura	2
Pittsburg	60
Arcanum	480

Total carloads generated by the line	2,174
Average carloads per week	41.8
Average carloads per mile	98.8
Average carloads per train	9.1
1973 operating information:	
Number of round trips per year	240
Estimated time per round trip, hours	4.0
Locomotive horsepower	1,500
Train crew size	5

* Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Troy Industrial Park Development depends upon Rail service according to its developer, Forrest Archer. Huntsman Container Corp., also of Troy, which handled 132 cars in 1973 said that loss of rail service would close their plant and 290 jobs would be lost. They plan a 50 percent expansion which will involve more rail service (amount not specified).

Information for Line Retention Decision

Revenue received by PC	\$920,545
Average revenue per carload	\$423
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	261,983
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	58,202
Cost incurred beyond the branch line	537,617
Total variable (avoidable) cost	857,732
Net contribution (loss): total	62,793
Average per carload	20

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 12,300 crossties (an average of 559 crossties per mile).

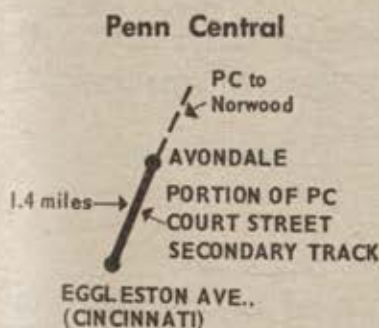
Although this line generated a net contribution, it is served via USRA Segment 549 which generated a loss amounting to \$199,344.

Preliminary Recommendation

It is *not* recommended that this portion of the Springfield Branch be included in the ConRail System.

PORTION OF COURT STREET SECONDARY TRACK

USRA Line No. 558



This portion of the Court Street Secondary Track, formerly part of the Pennsylvania RR, extends from Avondale (Milepost 54.3), to Eggleston Ave. (Cincinnati), Ohio (Milepost 55.7), a distance of 1.4 miles, in Hamilton County, Ohio. This line is an industrial track serving part of the east side of the city of Cincinnati. The track ends at Eggleston Avenue; northward the line continues to PC's McCullough Yard. This line was not described as potentially excess in the U.S. DOT Report (see Zone 106).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cincinnati ¹	257
Total carloads generated by the line	257
Average carloads per week	4.9
Average carloads per mile	183.6
Average carloads per train	2.5
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,200
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning the line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information received by USRA is that Elsinore Warehouse on this line receives 400 carloads per year and leases its building from the

Penn Central. The railroad receives \$30,000 a year in rent in addition to freight charges.

Information for Line Retention Decision

Revenue received by PC	\$103,577
Average revenue per carload	\$403
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	27,267
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	4,021
Cost incurred beyond the branch line	62,705
Total variable (avoidable) cost	93,993
Net contribution (loss) total	9,584
Average per carload	37

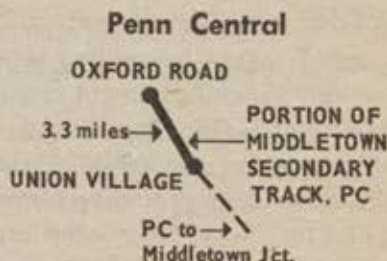
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 700 crossties (an average of 500 crossties per mile).

Recommendation

It is recommended that service to shippers on this portion of the Court Street Secondary Track be provided by the ConRail System.

PORTION OF MIDDLETOWN SECONDARY TRACK

USRA Line No. 560



This portion of the Middletown Secondary Track, formerly part of the Pennsylvania RR, extends from Oxford State Street (Milepost 3.7), to Union Village, Ohio (Milepost 7.0), a distance of 3.3 miles, in Butler and Warren Counties, Ohio. This segment is the remaining stub end of the old PRR line to Middletown; it continues southeastward to Hageman and Middletown Junction. The Oxford Street-Middletown portion has been abandoned. This line was not described as potentially excess in the U.S. DOT Report (see Zones 106 and 107).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Union Village.....	5
Monroe.....	283
Total carloads generated by the line.....	
Average carloads per week.....	5.5
Average carloads per mile.....	87.3
Average carloads per train.....	2.8
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	8.0
Locomotive horsepower.....	1,500
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$68,988
Average revenue per carload.....	\$240
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	\$1,290
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	15,264
Cost incurred beyond the branch line.....	49,581
Total variable (avoidable) cost.....	146,135
Net contribution (loss): Total.....	(77,147)
Average per carload.....	(268)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,980 crossties (an average of 600 crossties per mile).

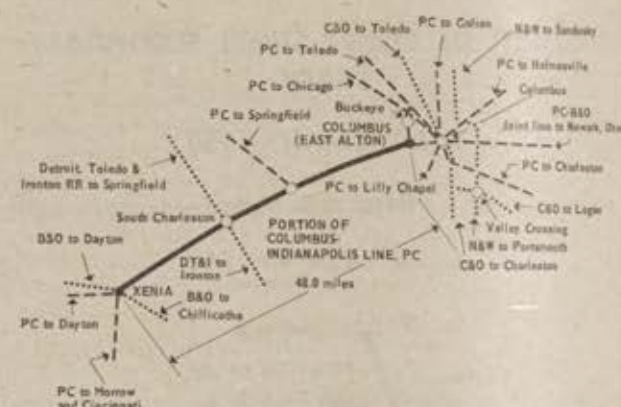
Preliminary Recommendation

It is *not* recommended that this portion of the Middletown Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$77,147 or \$268 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 110 percent rate increase over the 1973 levels.

PORTION OF COLUMBUS-INDIANAPOLIS LINE

USRA Line No. 561

Penn Central



This portion of the Columbus-Indianapolis line, formerly part of the Pennsylvania RR, extends from Columbus (Milepost 6.7), to Xenia, Ohio (Milepost 54.7), a distance of 48.0 miles, in Franklin, Madison, Greene and Clark Counties, Ohio. This line connects with the PC line to Dayton and the Dayton & Chillicothe Branch of the B&O at Xenia. It also connects with the DT&I Main Line from Detroit to Ironton. At Columbus this line connects with the B&O's Columbus-Athens Branch, the B&O Columbus-Pomeroy Branch and the B&O Pittsburgh-Cincinnati Line. Parts of this line were described as potentially excess in the U.S. DOT Report (see Zones 103, 108, 109, and 110).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Greene Landmark firm, located in Xenia would suffer a 5¢ to 10¢ per bushel increase in transport costs. The Purex Corp. of London, would have to receive its rail service via a circuitous 56 mile re-route. Alpha Omega Corp. of London indicated that abandonment would affect their industrial park program. Clark Landmark reported plans for a \$300,000 expansion program at S. Charleston. Purex Corp. said that they were planning to triple their current capabilities.

USRA staff received correspondence from William Wilson of Landmark, Inc., describing Clark Landmark's expansion plans for S. Charleston, Ohio. The firm will increase its rail traffic by at least 500 cars per year.

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

Recommendation

It is recommended that this portion of the Columbus to Indianapolis line be included in the ConRail System.

PORTION OF COLUMBUS-INDIANAPOLIS LINE

USRA Line No. 562

Penn Central



This portion of the Columbus-Indianapolis Line, formerly part of the Pennsylvania RR, extends from Dayton (Milepost 16.6) to New Paris, Ohio (Milepost 51.7), a distance of 35.1 miles, in Montgomery and Preble Counties, Ohio. This line segment is part of the through line between Columbus and Indianapolis. It connects with the Penn Central Richmond Branch and Newman Secondary at New Paris and the Northern and Carlisle Branches at West Manchester, all of which are also under study. This line was described as potentially excess in the U.S. DOT Report (see Zone 108).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Trotwood	9
Brookville	264
Dodson	0
Eldorado	27
Dayton ¹	2,178
Total carloads generated by the line	2,478
Average carloads per week	47.7
Average carloads per mile	70.6
Average carloads per train	12.4
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	10
Locomotive horsepower	1,750
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that a shipper claimed its freight bill would go up 300 to 400 percent if trucks were used. This would represent a \$100,000 increase. A tire company anticipates a 52 percent increase in the switch from rail freight to truck freight. A lumber firm anticipates costs increasing from \$42.25 to \$64.10 per thousand-board-feet because of additional transportation costs. Industrial expansion has developed in the area and part of the reason for this growth is attributed to the availability of rail service.

Information for Line Retention Decision

Revenue received by PC	\$768,478
Average revenue per carload	\$310
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	401,101
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	296,455
Total variable (avoidable) cost	697,556
Net contribution (loss): Total	70,922
Average per carload	29

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that this portion of the Columbus to Indianapolis line be included in the ConRail System.

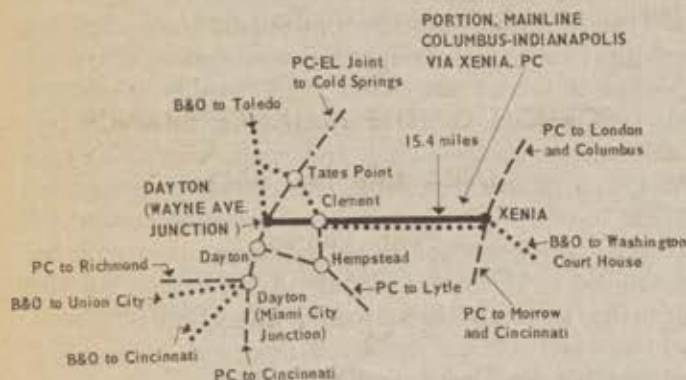
PORTION OF COLUMBUS TO INDIANAPOLIS LINE

USRA Line No. 639

Penn Central

This portion of the Columbus to Indianapolis line, formerly part of the Pennsylvania RR, extends from Xenia (Milepost 0.0) to Dayton (Milepost 15.4), a distance of 15.4 miles, in Greene and Montgomery Counties, Ohio. This line, Columbus to Indianapolis via Xenia, connects with the PC line, Xenia to Cincinnati, at Xenia, and the PC Cincinnati-Columbus line via Dayton at Dayton. It connects with the B&O at Dayton and Xenia. It connects with the Lytle Branch of PC,

under study in this Report. It also connects at Dayton with the EL line to Springfield. This line was not described as potentially excess in the U.S. DOT Report (see Zone 108).



Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is required for through freight service, therefore local rail service will be provided to all shippers located on the line.

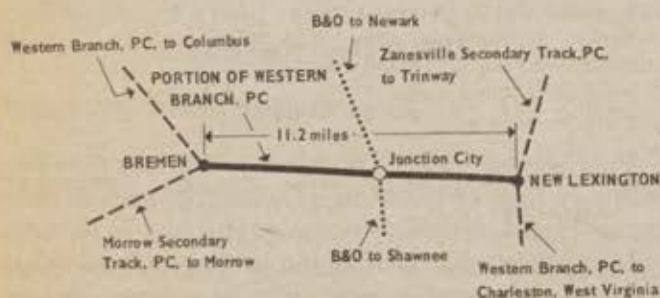
Recommendation

It is recommended that this portion of the Columbus to Indianapolis line be included in the ConRail System.

WESTERN BRANCH

USRA Line No. 640

Penn Central



This portion of the Western Branch, formerly part of the Pennsylvania RR, extends from Bremen (Milepost 173.8) to New Lexington (Milepost 185.0), a distance of 11.2 miles, in Fairfield and Perry Counties,

Ohio. This portion of the Western Branch is used primarily for overhead traffic between Columbus and Charleston, W. Va. There are connections to other PC lines as illustrated, but the physical connection to the B&O at Junction City has been removed. This line was described as potentially excess in the US DOT Report (see Zone 102).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" by Peabody Coal indicated that circuitous routing and higher costs would result if this line was abandoned.

Information for Line Retention Decision

This line serves no shippers directly but is used to serve segments 496/496a. The preliminary recommendation for both of these segments is that they not be included in the ConRail System.

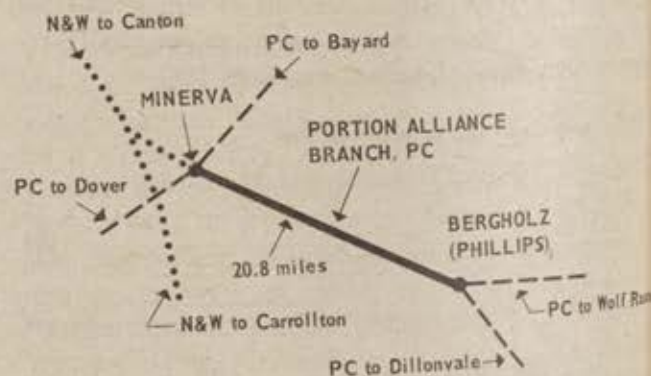
Preliminary Recommendation

It is *not* recommended that this portion of the Western Branch be included in the ConRail System.

PORTION OF ALLIANCE BRANCH

USRA Line No. 641

Penn Central



This portion of the Alliance Branch, formerly part of the New York Central RR, extends from Minerva (Milepost 41.7) to Bergholz (Milepost 62.5), a distance of 20.8 miles, in Carroll and Jefferson Counties, Ohio. This portion of the Alliance Branch connects with the Tuscarawas Secondary Track at Minerva. The line continues beyond Bergholz to cross the Columbus-Pitts-

burgh line at Unionport. The line continues on down to Piney Fork. There is also a connection at Minerva with the Norfolk & Western. This line was described as potentially excess in the U.S. DOT Report (see Zones 96, 97, and 98).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Jensie	7,405
Messmer	0
Mechanicstown	0
Bergholz	342

Total carloads generated by the line	7,747
Average carloads per week	149.0
Average carloads per mile	372.5
Average carloads per train	15.5

1973 operating information:

Number of round trips per year	500
Estimated time per round trip (hours)	9
Locomotive horsepower	3,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated heavy coal concentration along this line. Closure of mines would result in 1.5-2 million tons of lost production. The U.S. Appalachia Regional Commission has a \$25 million commitment to this area.

Information for Line Retention Decision

Revenue received by PC	\$1,400,888
Average revenue per carload	\$194
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	581,061
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	526,951
Total variable (avoidable) cost	1,108,612
Net contribution (loss): total	391,276
Average per carload	51

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA staff confirms there is an active loading facility on this line. This line is also

currently used as a high volume through-route for coal shipments.

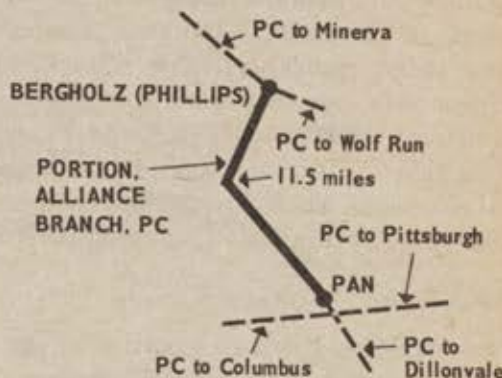
Recommendation

It is recommended that this portion of the Alliance Branch be included in the ConRail System.

PORTION OF THE ALLIANCE BRANCH

USRA Line No. 641a

Penn Central



This portion of the Alliance Branch, formerly part of the New York Central RR, extends from Bergholz (Milepost 62.5) to Pan (Milepost 74.0), a distance of 11.5 miles, in Jefferson and Harrison Counties, Ohio. The line extends north from Bergholz and south from Pan. This line was described as potentially excess in the U.S. DOT Report (see Zones 97 and 98).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Amsterdam	16
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Total carloads generated by the line	16
Average carloads per week	0.3
Average carloads per mile	1.4
Average carloads per train	0.5

1973 operating information:

Number of round trips per year	32
Estimated time per round trip (hours)	2
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the Amsterdam Supply Co. estimated it shipped 25 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$4,199
Average revenue per carload	\$262
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	77,805
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,357
Total variable (avoidance) cost	81,162
Net contribution (loss): total	(76,963)
Average per carload	(4,810)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA and PC staff indicates that this line is currently used as a through-route for coal shipments which have no alternative route. All shippers served by this line will continue to have service.

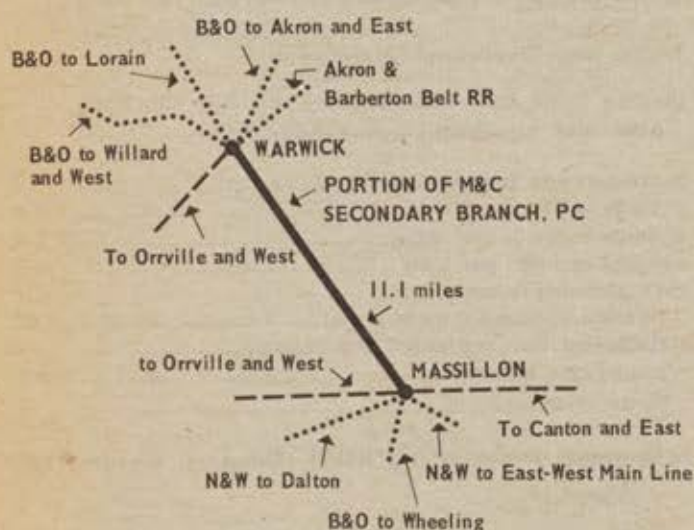
Recommendation

It is recommended that this portion of the Alliance Branch be included in the ConRail System.

M&C SECONDARY TRACK, M&C BRANCH

USRA Line No. 642

Penn Central



The M&C Secondary Track, formerly part of the Pennsylvania RR, extends from *Massillon* (Milepost 0.0), to *Warwick* (Milepost 11.1), a distance of 11.1 miles, in Summit and Stark Counties, Ohio. From East Gravel (2 miles from Massillon) to Warwick, this line

is operated as paired track with the Baltimore & Ohio Railroad. PC owns the Northbound track and B&O the Southbound, with expenses divided on a per car basis. The operation is under B&O rules and regulations. This line was not described as potentially excess in the U.S. DOT Report. (See Zones 95 and 96.)

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line is used for through coal traffic.

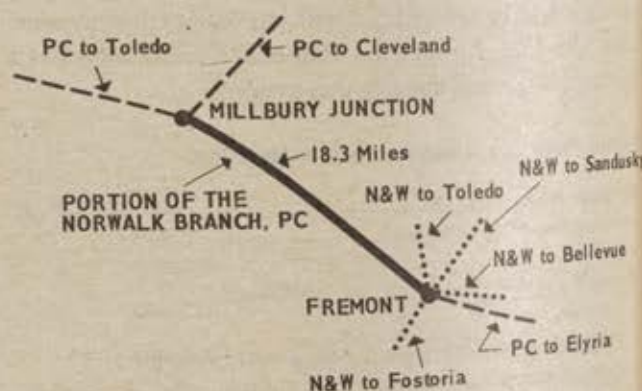
Recommendation

It is recommended that the M&C Secondary Track be included in the ConRail System.

PORTION OF NORWALK BRANCH

USRA Line No. 643

Penn Central



This portion of the Norwalk Branch, formerly part of the New York Central RR, extends from *Fremont* (Milepost 269.0) to *Millbury Junction*, Ohio. (Milepost 287.3), a distance of 18.3 miles, in Sandusky, Ottawa and Wood Counties, Ohio. Continuations of this line extend westward from Millbury Junction and eastward from Fremont. A portion of the latter extension is also under study in this Report. Connections include: the Norfolk & Western to Lima at Fremont and at Millbury Junction the PC Chicago-to-Buffalo line. This line, except for the portion from Genoa to Millbury Junction, was described as potentially excess in the U.S. DOT Report (see Zones 100 and 113).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Lindsey	183
Elmore	116
Genoa	3,067

Total carloads generated by the line	3,366
Average carloads per week	64.7
Average carloads per mile	183.9
Average carloads per train	13.0
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	11.5
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Farmer's Mercantile Elevator Company estimated 246 carloads in 1973. This company, located in Lindsey, reported that 3,500 and 4,000 carloads pass through Fremont yearly.

Information for Line Retention Decision

Revenue received by PC	\$926,466
Average revenue per carload	\$275
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	345,834
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	52,228
Cost incurred beyond the branch line	676,085
Total variable (avoidable) cost	\$1,074,147
Net contribution (loss): total	(147,681)
Average per carload	(44)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 9,910 cross-ties (an average of 341 cross-ties per mile).

Preliminary Recommendation

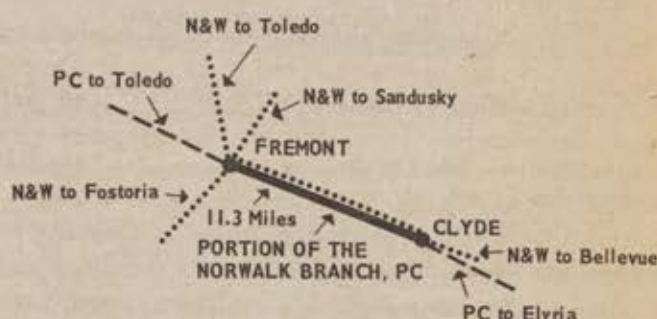
Although the preliminary recommendation is that this portion of the Norwalk Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would

require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$147,681 or \$44 per carload. Recovery of costs would require approximately a 59 percent increase in traffic or a 16 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

PORTION OF NORWALK BRANCH

USRA Line No. 643a

Penn Central



This portion of the Norwalk Branch, formerly part of the Pennsylvania RR, extends from Clyde (Milepost 257.7) to Fremont, Ohio (Milepost 269.0), a distance of 11.3 miles, in Sandusky County, Ohio. Continuations of this line extend westward from Fremont and eastward from Clyde. A portion of the former is also under study in this Report. Connections include: the Norfolk & Western to Sandusky at Fremont and the PC line to Sandusky at Clyde. This line was not described as potentially excess in the U.S. DOT Report (see Zone 100).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clyde	1,200
Fremont	2,016

Total carloads generated by the line	3,216
Average carloads per week	62
Average carloads per mile	285
Average carloads per train	10.7
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report" indicated that Woodall Industries estimated 401 carloads in 1973 and project 500 carloads. Rural Services Inc., located in Clyde, operates a 475,000 bushel grain storage facility. They state it is impossible to inspect, load, and ship such quantities of grain by any other transportation mode than rail.

Information for Line Retention Decision

Revenue received by PC	\$867,616
Average revenue per carload	\$270

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	357,242
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	35,327
Cost incurred beyond the branch line	509,778

Total variable (avoidable) cost 902,347

Net contribution (loss): total	(34,731)
Average per carload	(11)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 6,074 crossties (an average of 538 crossties per mile).

This line is reached via USRA Segment 643 which generated a loss amounting to \$147,681.

Preliminary Recommendation

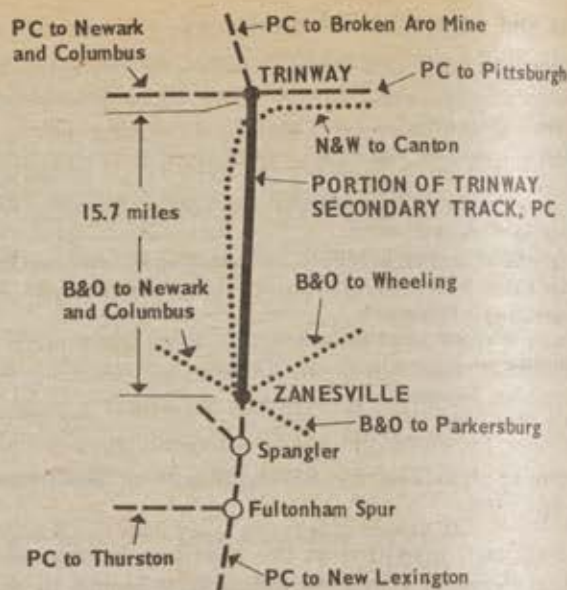
It is *not* recommended that this portion of the Norwalk Branch be included in the ConRail System. However, service may be provided by the Norfolk and Western.

PORTRION OF TRINWAY SECONDARY TRACK

USRA Line No. 644

Penn Central

This portion of the Trinway Secondary Track, formerly part of the Pennsylvania Railroad, extends from *Trinway* (Milepost 0.3) to *Zanesville, Ohio* (Milepost 16.0), a distance of 15.7 miles, in Muskingum and Perry Counties, Ohio. This line connects with Penn Central's line (Columbus-Pittsburgh) at Trinway. It connects with other Penn Central lines under study at Crooksville (to Cincinnati and to Columbus), and at Zanesville (to Columbus). It also connects at Zanesville with the B&O line to Columbus and Wheeling, and with the N&W line to Canton. This line was described as potentially excess in the U.S. DOT Report (see Zone 103).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Trinway	38
Dresden	0
Ellis	0
Boich Mine No. 2	0
Zanesville ¹	47

Total carloads generated by the line	85
Average carloads per week	1.6
Average carloads per mile	5.4
Average carloads per train	1.6

1973 operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$26,362
Average revenue per carload	\$310

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	155,465
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	20,400
Cost incurred beyond the branch line	11,023

Total variable (avoidable) cost 195,888

Net contribution (loss): Total	(169,526)
Average per carload	(1,904)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,595 crossties (an average of 356 crossties per mile). Although this line generates a loss, it is required to serve USRA segments 644a, 496c and 513/513a. Also, there is potential for new coal production on the line.

Recommendation

It is recommended that this portion of the Trinway Secondary Track be included in the ConRail System.

PORTRION OF TRINWAY SECONDARY TRACK

USRA Line No. 644a

Penn Central



This portion of the Trinway Secondary Track, formerly part of the Pennsylvania RR, extends from Zanesville (Milepost 16.0) to Crooksville, Ohio (Milepost 29.0), a distance of 13.0 miles, in Muskingum and Perry Counties, Ohio. This line connects at Zanesville with Penn Central lines under study, to Trinway and to Columbus, with N&W to Canton, and B&O line to Columbus and Wheeling, W. Va. At Crooksville, this line connects with PC branches to Columbus and Cincinnati, both under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 103).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Zanesville ¹	1,389
Spangler	0
S. Zanesville	100
Roseville	231
Total carloads generated by the line:	1,720
Average carloads per week	33.1

Average carloads per mile	132.3
Average carloads per train	11.5
1973 Operating Information:	
Number of round trips per year	150
Estimate time per round trip (hours)	8
Locomotive horsepower	3,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$606,843
Average revenue per carload	\$353

Variable (avoidable) cost of continued services:

Cost incurred on the branch line	247,605
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	23,859
Cost incurred beyond the branch line	318,532

Total variable (avoidable) cost	589,996
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Net contribution (loss): total	16,847
Average per carload	1

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,633 crossties (an average of 356 crossties per mile).

Recommendation

It is recommended that this portion of the Trinway Secondary Track be included in the ConRail System.

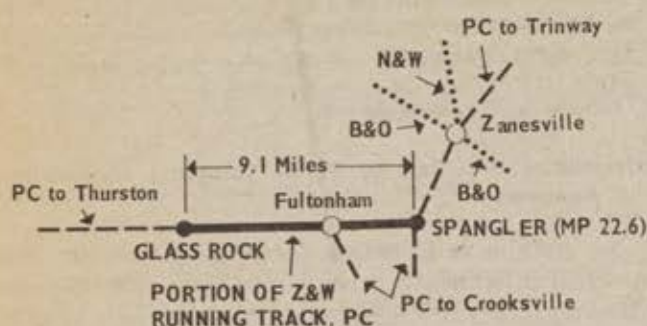
PORTRION OF Z&W RUNNING TRACK

USRA Line No. 692

Penn Central

This portion of the Z&W Running Track, formerly part of the Pennsylvania RR, extends from Glass Rock (Milepost 45.6) to Spangler, Ohio (Milepost 50.2), a distance of 4.6 miles in Muskingum and Perry Counties, Ohio. This line continues to Thurston from Glass Rock and to Trinway from Spangler. It connects with the Crooksville Running Track at Fultonham and the

Zonesville Secondary Track at Milepost 22.62. It connects with the B&O at Zanesville.



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Glass Rock	1,107
Fultonham	390
Total carloads generated by the line	1,497
Average carloads per week	28.8
Average carloads per mile	325.4
Average carloads per train	6.2
1973 operation information:	
Number of round trips per year	240
Estimated time per round trip (hours)	8
Locomotive horsepower	3,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$307,235
Average revenue per carload	\$205
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	205,071
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	8,573
Cost incurred beyond the branch line	148,438
Total variable (avoidable) cost	362,082
Net contribution (loss): total	(54,847)
Average per carload	(37)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,672 cross-ties (an average of 363 cross-ties per mile).

Preliminary Recommendation

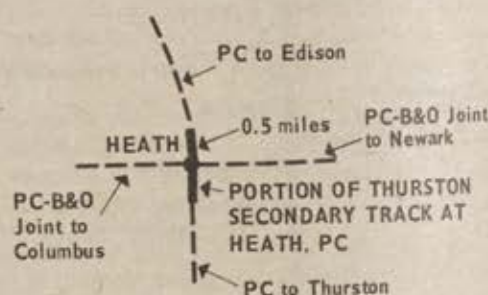
It is *not* recommended that this portion of the Z & W Running Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$54,847 or \$37 per carload. Recovery of costs would require approximately a 35 percent increase in traffic or an 18 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

Special consideration should be given to rate increases as the volume traffic density is high but the revenue per car low.

PORTION OF THURSTON SECONDARY TRACK

USRA Line No. 706

Penn Central



This portion of the Thurston Secondary Track, formerly part of the Pennsylvania RR, extends from (Milepost 133.0) to (Milepost 133.5), at Heath, Ohio, a distance of 0.5 mile, in Licking County, Ohio. A continuation of this line extends southward to Hebron from Heath, also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 102).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Heath ¹	33
Total carloads generated by the line	33
Average carloads per week	0.6
Average carloads per mile	66.0
Average carloads per train	1.8
1973 operating information:	
Number of round trips per year	25
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

No specification information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$13,140
Average revenue per carload	\$398
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	7,308
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	1,691
Cost incurred beyond the branch line	4,983
Total variable (avoidable) cost	13,977
Net contribution (loss): total	(837)
Average per carload	(25)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 175 crossties (an average of 350 crossties per mile).

Although service to the entire line generates a loss, a 10 percent growth in traffic or a 6 percent rate increase would make this portion of the line financially self-sufficient.

Recommendation

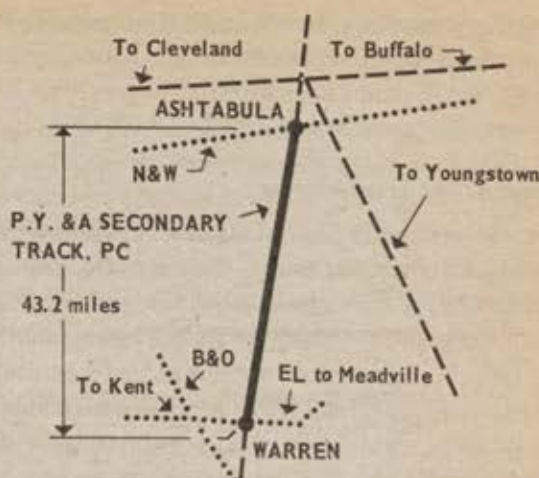
It is recommended that this portion of the Thurston Secondary Track be included in the ConRail System.

P.Y. & A SECONDARY TRACK

USRA Line No. 714

Penn Central

The P.Y. & A Secondary Track, formerly part of the Pennsylvania RR, extends from Ashtabula (Milepost 124.3) to Warren, Ohio (Milepost 81.1), a distance of 43.2 miles, in Ashtabula & Warren Counties, Ohio. Before the merger, it carried coal and ore traffic to and from Ashtabula Harbor; the traffic is now moving on the Youngstown Branch. This line was not described as potentially excess in the U.S. DOT Report (see Zone 92).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Champion	25
Bristolville	53
Lockwood	22
E. Orwell	13
New Lyme	0
Rome	22
Rock Creek	90
Austinburg	97
Ashtabula ¹	111

Total carloads generated by the line	433
Average carloads per week	8.3
Average carloads per mile	10.0
Average carloads per train	2.9

1973 Operating Information:

Number of round trips per year	150
Estimated time per round trip (hours)	11.0
Locomotive horsepower	3,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$113,199
Average revenue per carload	\$261

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	417,690
Cost of upgrading branch line to FRA class	
I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	73,947
Total variable (avoidable) cost	491,637
Net contribution (loss): total	(378,438)
Average per carload	(874)

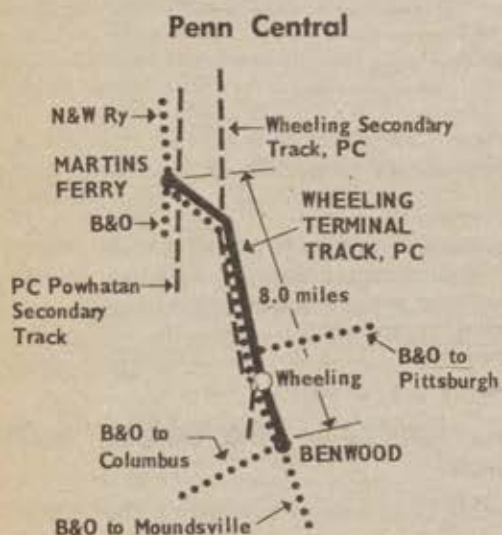
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

It is *not* recommended that the P.Y.&A. Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$378,438 or \$874 per carload. Recovery of costs would require approximately a 10-fold increase in traffic or a 335 percent rate increase over the 1973 levels. Costs may also be lowered by reducing frequency, although this alone will not make the line viable.

WHEELING TERMINAL TRACK

USRA Line No. 353



The Wheeling Terminal Track, formerly part of the Pennsylvania RR, extends from *Martin's Ferry, Ohio* (Milepost U.S. 1 & 44) to *Benwood, W. Va.* (Milepost U.S. 421 & 61), a distance of 8.0 miles, in Belmont County, Ohio and Marshall County, West Virginia. At Benwood and Wheeling, this line connects with the PC Wheeling Secondary Track, the Norfolk & Western line to Mingo Junction, Ohio, and the Baltimore & Ohio. Additionally, at Benwood it connects with the PC LaBelle Branch, and at Wheeling with the Baltimore & Ohio line running east. At Martin's Ferry, this line connects with the PC Powhatan Secondary Track; a Baltimore & Ohio Branch and the Norfolk & Western line running to Mingo Junction. The LaBelle Branch is also under study in this Report. In October 1972, the PC applied for permission to abandon this line,

Docket No. AB-5, Sub. 114 & 115. No final action has been taken by the ICC on this application. This line was not described as potentially excess in the U.S. DOT Report (see Zone 99).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Wheeling ¹	879
Benwood	2,681

Total carloads generated by the line	3,560
Average carloads per week	68.5
Average carloads per mile	445.0
Average carloads per train	14.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	2
Locomotive horsepower	600
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$772,932
Average revenue per carload	\$217
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	154,844
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	468,829
Total variable (avoidable) cost	623,673
Net contribution (loss): total	149,259
Average per carload	42

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that the Wheeling Terminal Track be included in the ConRail System.

PORTION OF KANAWHA SECONDARY TRACK

USRA Line No. 514a

Penn Central

This portion of the Kanawha Secondary Track, formerly part of the New York Central RR, extends

from Hobson, Ohio (Milepost 56.4), to Nitro, W. Va., (Milepost 109.0), a distance of 52.6 miles, in Meigs and Gallia Counties, Ohio, and Mason and Putnam Coun-



ties, W. Va. Continuations of this line extend southeastward from Nitro and northwestward from Hobson. Connections are: the Baltimore & Ohio Huntington-Wheeling line at Point Pleasant and the Chesapeake & Ohio Columbus-to-Pomeroy line at Kana-wha (from this point to Hobson Junction, the C&O owns the line and PC operates via trackage rights). Both of the continued portions are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 104, 198 and 199).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Port Pleasant	138
Arbuckle	6
Robertson	0
Buffalo	7
Rumer	0
Redhouse	785
McGill	1
Courtney	2
Bancroft	7
Total carloads generated by the line	946
Average carloads per week	18.2
Average carloads per mile	18.0
Average carloads per train	4.7
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	12.0
Locomotive horsepower	2000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report" stated that Congressman Slack predicts an increase in coal production in this area. The Motor Freight Lines (238 carloads in 1973), the Putnam Fabricating Company (171 in 1973), Kanawha Manufacturing Co. and Mobay Co., all protest the abandonment of this line. Georgia Pacific, which currently receives 480 carloads, states that they expect an increase to 709 carloads in 1974. The State of West Virginia has indicated the possibility of substantial industrial development on the line.

Information for Line Retention Decision

Revenue received by PC	\$121,591
Average revenue per carload	\$129
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	439,181
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	24,377
Cost incurred beyond the branch line	136,086
Total variable (avoidable) cost	599,644
Net contribution (loss): total	(478,053)
Average per carload	(505)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,165 crossties (an average of 50 crossties per mile).

An evaluation of coal reserves by USRA staff has been unable to identify the existence of coal reserves capable of being mined.

Preliminary Recommendation

It is *not* recommended that this portion of the Kana-wha Secondary Track be included in the ConRail System.

The large rehabilitation costs and the possibilities for alternative routings mean that such reroutings must be explored. If trackage rights cannot be obtained to serve the Charleston area, this line may be included in the ConRail System.

If USRA receives more definitive information on possible major new traffic on this line segment because of industrial development, this preliminary decision will be reviewed. "Rail banking" the line may be possible solution.

PENNSYLVANIA

Intrastate

USRA line number	Terminals		
133	North Philadelphia to Queen Lane	355	Scottdale to Mount Pleasant
133a	Queen Lane to Allen Lane	356	New Castle to Mercer
133b	Allen Lane to Chestnut Hill	360	Jamestown to Linesville
135	Fort Washington Branch at Philadelphia	361	Coverts to Walford
143	West Chester Branch at West Chester	646	Erie to Corry
173a	Phoenixville to Devault	646a	Corry to Warren
175/176	Honey Brook to New Holland	647	Red Bank to Emlenton
177	Pomeroy to Doe Run	647a	Emlenton to Oil City
180	Cornwall to Lebanon	648	Red Bank to Schenley
181	East Lebanon Branch at Lebanon	649	Titusville to Oil City
185/186	Paxtonville to Selinsgrove	650	Kiskiminetas Junction to Logans Ferry
192/192a/192b	Sunbury to Wilkes-Barre	650a	Pittsburgh to Logans Ferry
192c	Hudson to Buttonwood	651	Falls Creek to Brockway
194	Court Street Secondary Track at Reading	653	Cresson to Glasgow
196	Hamburg to Schuylkill Haven	655	Ebensburg Junction to Black Lick
197	Norristown to Pottstown	655a	Black Lick to Blairsville
197a	Pottstown to Reading	656	Brooke's Mills to Hollidaysburg
197b	Reading to Hamburg	657	Martinsburg to Brooke's Mills
201	Mifflinburg to Lewisburg	658	Lewistown to Yeagertown
202	York to Hellam	659	Sunbury to Thompson
203	Mechanicsburg to Dillsburg	659a	Thompson to Mount Carmel
204	New Kingston to Chambersburg	660	Watsontown to Berwick
206	Marion to Mercersburg	661	Columbia to Lancaster
206	Yeagertown to Reedsville	662	Lancaster to New Holland
209	Lewistown to Maitland	663	Fairchance to Connellsville
210	Fairbrook Branch at Tyrone	664	Houston to Washington
212/212a	Petersburg to Williamsburg	691	Parkesburg to Lancaster
214	Martinsburg Junction to Curry	691a	Lancaster to Conewago
216	Bedford to Brookes Mills	691b	Conewago to Royalton
218	Creek to Mount Dallas	691c	At Lancaster
229	Middle Canal Branch at Williamsport	712	Sharon to Jamestown
243a	Mill Hall to Lock Haven		
250	Corry to Titusville	903	
252	Warren to Ridgway	904	
253	Emporium to St. Marys	905	
253a	St. Marys to Ridgway	906	
254	Oil City to Tidioute	908	
256	Polk Junction to Reno	909	
257	Brookville Track at Brookville	910	
260a	North Warren to Warren	912	
265	McGees Secondary Track Near McGees	914	
312	Fort Wayne Bridge at Pittsburgh	915	
313	Pittsburgh to Chicago Line at Pittsburgh	916	
314	Pittsburgh to St. Louis Line at Pittsburgh	917	
315	Allegheny Branch at Pittsburgh	918	
326	Black Lick Junction to Indiana	919	
331	Hempfield Junction to Herminie	920	
333	Coal Lick Run near Uniontown	920a	
344	Bridgeville to Sygan	921	
345a	Westland Industrial Track	922	
348b	Langeloth Junction to Langeloth	923	
348c	Burgettstown to Atlasburg	924	
352	Shippingport to Kobuta	925	
		926	
		929	
		930	
		931	

RDG

Chestnut Hill to Wayne Junction
Cheltenham Junction to Newtown
Lansdale to Doylestown
Perkiomen Junction to Emmaus Junction
Elverson to Warwick
Eshbach to Pottstown
Kutztown to Topton
Gettysburg to Carlisle Junction
Rex to Lebanon
Suedburg to Lebanon
Manheim to White Oak
Columbia to Lancaster Junction
Manheim to Lancaster Junction
Lancaster Junction to Lancaster
Manheim to Lititz
Lititz to Sinking Spring
St. Clair to Bear Run Junction
Trevorton to Herndon
Lofly to Rupert
Rupert to West Milton
Tremont to Pine Grove
Tremont to Good Spring
Westwood to Tremont
Swatara Junction to Terminus
Silverton to West Junction

USRA line number	Terminals
932	West Junction to Terminus
933	Frankford to Frankford Junction
934	Newberry Junction to West Milton
935	Norristown to Lansdale
946	Muncie to Terminus
947	Good Spring to Terminus

LV

1007	Laurel Junction to Rock
1008	Delano to Raven Run
1009	Nesquehoning Junction to Tamanend
1012	Franklin Branch at Wilkes-Barre
1013	Mehoopany to Towanda
1014	Towanda to Sayre

Interstate

PC

Pennsylvania to New York (these lines are discussed under New York)

249	Corry, Pa. to Mayville, N.Y.
260	North Warren, Pa. to Falconer, N.Y.

LV

1015	Sayre, Pa. to Owego, N.Y.
1016	Sayre, Pa. to Van Etten Junction, Pa.

PC

Pennsylvania to Maryland (these lines are discussed under Maryland)

198	Spring Grove, Pa. to North of Frederick, Md.
204a	Chambersburg, Pa. to Hagerstown, Md.

RDG

Pennsylvania to Delaware (this line is discussed under Delaware)

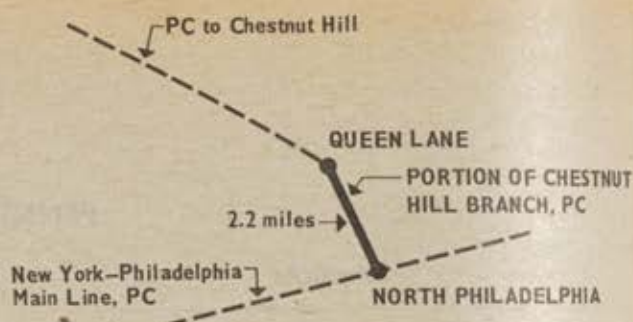
907/939	Elverson, Pa. to Elsmere Junction, Del.
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PORTION OF CHESTNUT HILL BRANCH

USRA Line No. 133

Penn Central

This portion of the Chestnut Hill Branch, formerly part of the Pennsylvania RR, extends from *North Philadelphia* (Milepost 0.0) to *Queen Lane, Pa.* (Milepost 2.2), a distance of 2.2 miles, in Philadelphia County, Pa. The continuation of this line extends northwestward from Queen Lane to Chestnut Hill (also under study in this Report). It also connects with the New York-Philadelphia line of the PC at North Philadelphia. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Philadelphia ¹	12,317
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Total carloads generated by the line	12,317
Average carloads per week	237
Average carloads per mile	5,599
Average carloads per train	41.1

1973 operating information:

Number of round trips per year	309
Estimated time per round trip (hours)	3.5
Locomotive horsepower	680
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there are 16 industries served by this line. The Budd Co., auto parts manufacturer, reported 10,946 carloads for 1973 and employs 4,500 people. This line is also a part of SEPTA's intercity passenger and rail commuter system who reported 2.7 million passengers per year. The Reading Railroad's Chestnut Hill Branch runs parallel with this line. Correspondence submitted to USRA states that the Reading Line is a different grade and cannot serve as an alternate route. Pennsylvania's response indicates a steel producer would shut down leaving 938 workers unemployed.

Information for Line Retention Decision

Revenue received by PC	\$5,340,410
Average revenue per carload	\$434

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	459,388
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,519,172

Total variable (avoidable) cost 3,978,560

Net contribution (loss): total	1,361,850
Average per carload	111

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that this portion of the Chestnut Hill Branch be included in the ConRail System.

PORTION OF CHESTNUT HILL BRANCH

USRA Line No. 133a

Penn Central



This portion of the Chestnut Hill Branch, formerly part of the Pennsylvania Railroad, extends from *Queen Lane* (Milepost 2.2), to *Allen Lane*, Pennsylvania (Milepost 4.8), a distance of 2.6 miles, in Philadelphia County, Pennsylvania. Continuations of this line extends northwestward from Allen Lane to Chestnut Hill, and southeastward from Queen Lane to North Philadelphia. (Both lines are also under study in this Report). The line also connects with the Fort Washington Branch of the PC at Allen Lane, also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Information Provided by RSPO, Shippers, Government

Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this branch, a part of SEPTA's suburban rail service, has about 10,000 daily riders. It was suggested at the hearings that local officials would prefer to preserve the right-of-way for possible future use and for SEPTA to maintain its current suburban service.

All of the testimony relating to patrons of this line was directed to the first 2 miles of track on Segment 133. There are no active shippers on this segment.

USRA's staff has had several meetings with SEPTA representatives in order to lay the groundwork for a detailed inventory of SEPTA's required passenger fa-

cilities. Both staffs are continuing to discuss ways in which SEPTA may wish to acquire portions of this line for passenger service, as provided in the Regional Rail Reorganization Act.

Information for Line Retention Decision

This line is primarily used for passenger service although it is used as an overhead line to serve freight shippers on USRA Segment No. 135. The Preliminary Recommendation for line Segment No. 135 is that freight service not be provided by the ConRail System. Therefore, this segment is not required for freight service.

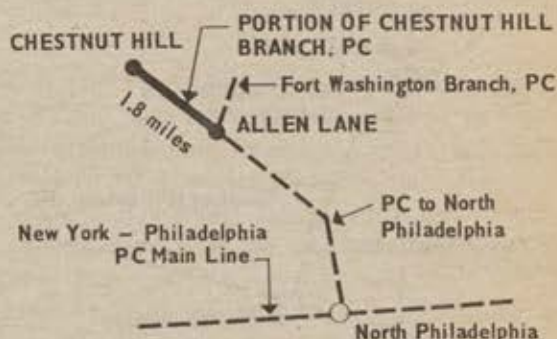
Preliminary Recommendations

It is *not* recommended that *freight service* be provided over this portion of the Chestnut Hill Branch in the ConRail System.

PORTION OF CHESTNUT HILL BRANCH

USRA Line No. 133b

Penn Central



This portion of the Chestnut Hill Branch, formerly part of the Pennsylvania RR, extends from *Allen Lane* (Milepost 4.8) to *Chestnut Hill, Pa.* (Milepost 6.6), a distance of 1.8 miles, in Philadelphia County, Pennsylvania. The continuation of this line extends southeastward to North Philadelphia (also under study in this Report). The line connects at Allen Lane with the Fort Washington Branch of the PC, also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this branch is a part of SEPTA's suburban rail service, with about 10,000 daily riders. It was suggested at the hearings that local officials would prefer to preserve the

right-of-way for possible future use and to allow SEPTA to maintain its current suburban service.

All of the testimony relating to portions on this line was directed to the first 2 miles of track on segment 133. There are no active shippers on this segment.

Information for Line Retention Decision

USRA Staff has had several meetings with SEPTA representatives in order to lay the groundwork for a detailed inventory of SEPTA's required passenger facilities. Both staffs are continuing to discuss ways in which SEPTA may wish to acquire portions of this line for passenger service, as provided in the Regional Rail Reorganization Act.

Preliminary Recommendation

It is *not* recommended that *freight service* be provided over this portion of the Chestnut Hill Branch by the ConRail System.

FORT WASHINGTON BRANCH

USRA Line No. 135

Penn Central



The Fort Washington Branch, formerly part of the Pennsylvania RR, extends from *Allen Lane* (Milepost 0.0) to *East Lane, Pa.* (Milepost 1.4), a distance of 1.4 miles, in Philadelphia County, Pa. This line connects with the Chestnut Hill Branch of the PC at Allen Lane (also under study in this Report). This line was not shown in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Philadelphia ¹	26
Total carloads generated by the line	26
Average carloads per week	0.5
Average carloads per mile	18.6
Average carloads per train	0.9
1973 operating information:	
Number of round trips per year	30
Estimated time per round trip (hours)	0.5
Locomotive horsepower	660
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the majority of comments were made with specific reference to the 5-mile-long Chestnut Hill to North Philadelphia Junction branch. USRA staff has identified A. Z. Bogert, National Crucible Co. and Met Lab as the three affected shippers on the Fort Washington Branch. There is no specific reference in the RSPO report on comments from these three firms. No information about this branch was provided in Pennsylvania's response to the original DOT report.

Information for Line Retention Decision

Revenue received by PC	\$7,806
Average revenue per carload	\$300
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	12,489
Cost of upgrading branch line to FRA	
Class I (1/3 of total upgrade cost)	1,116
Cost incurred beyond the branch line	7,771
Total variable (avoidable) cost	21,376
Net contribution (loss): total	(13,570)
Average per carload	(522)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 300 crossties (an average of 214 crossties per mile).

Preliminary Recommendation

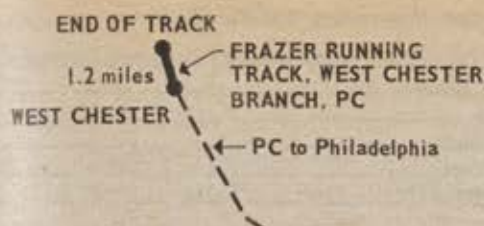
It is *not* recommended that the Fort Washington Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$13,570 or \$522 per carload. Recovery of costs would require approximately a two hundred-fold increase in traffic or a 175-percent rate increase over the 1973 levels.

WEST CHESTER BRANCH (FRAZER RUNNING TRACK)

USRA Line No. 143

Penn Central

The Frazer Running Track, at *West Chester*, formerly part of the Pennsylvania RR, extends from



Milepost 29.5 to Milepost 30.7, a distance of 1.2 miles, in West Chester and Chester County, Pa. This line is a continuation of the West Chester Branch at West Chester. This line was not shown in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

West Chester ¹	12
Total carloads generated by the line	12
Average carloads per week	0.2
Average carloads per mile	10
Average carloads per train	0.5
1973 Operating information:	
Number of round trips per year	24
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,200
Train crew size	4

¹Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$2,030
Average revenue per carload	\$170
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	17,381
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	5,257
Cost incurred beyond the branch line	2,009
Total variable (avoidable) cost	24,647
Net contribution (loss): total	(22,608)
Average per carload	(1,884)

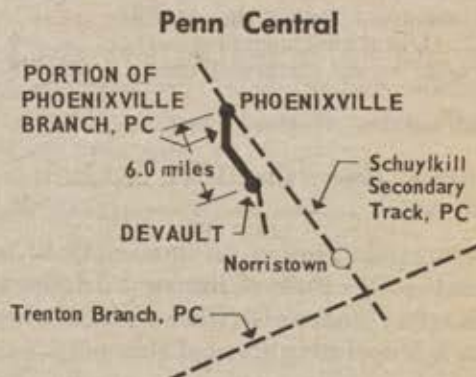
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 900 cross-ties (an average of 474 cross-ties per mile).

Preliminary Recommendation

It is *not* recommended that the Frazer Running Track, West Chester Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$22,608 or \$1,884 per carload. Recovery of costs would require approximately a one hundred and ten-fold increase in traffic or a 1,108 percent rate increase over the 1973 levels.

PORTION OF PHOENIXVILLE BRANCH

USRA Line No. 173a



This portion of the Phoenixville Branch formerly part of the Pennsylvania RR, extends from Phoenixville (Milepost 0.0) to Devault, Pa. (Milepost 6.0), a distance of 6.0 miles, in Chester County, Pa.

At Devault, a continuation of this line extends southward for a short distance, and is also under study in this report. This line also connects with the PC Schuylkill Secondary Track at Phoenixville, also under study in this report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Devault	4,498
Total carloads generated by the line	4,498
Average carloads per week	86.5
Average carloads per mile	749.7
Average carloads per train	18.7
1973 operating information:	
Number of round trips per year	240
Estimated time per round trip (hours)	4.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled

"The Public Response to the Secretary of Transportation's Rail Service Report."

Correspondence from Edward E. Chaney, Martin Marietta Corp., indicates they have a firm contract to supply Harbison and Walker Refractories Co. with approximately 30,000 tons of stone per month and that they shipped 1,813 carloads in 1974. There are a total of five businesses located on this line.

Information for Line Retention Decision

Revenue received by PC	\$964,841
Average revenue per carload	\$215
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	168,843
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	625,918
Total variable (avoidable) cost	794,761
Net contribution (loss): total	170,080
Average per carload	38

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

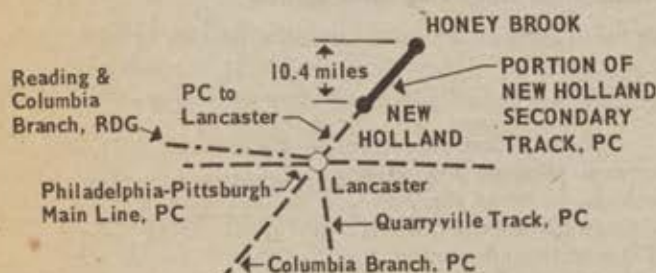
Recommendation

It is recommended that this portion of the Phoenixville Branch be included in the ConRail System.

PORTION OF NEW HOLLAND SECONDARY TRACK

USRA Line No. 175-176

Penn Central



This portion of the New Holland Secondary Track, formerly part of the Pennsylvania RR, extends from Honey Brook (Milepost 17.6) to New Holland, Pa. (Milepost 28.0), a distance of 10.4 miles, in Chester and Lancaster Counties, Pa. A continuation of this line, also under study, extends southwestward from New Holland to Lancaster. This line was described as potentially excess in the U.S. DOT Report (see Zones 66 and 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Honey Brook	94
Narvon	356
Cedar Lane	140
East Earl	62
New Holland ¹	408

Total carloads generated by the line	1,060
Average carloads per week	20.4
Average carloads per mile	101.9
Average carloads per train	10.6
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there are 19 businesses located on this line. Narvon Mines and Chemical, manufacturer of aluminum silicates used in pipeline enamels and water pollution control equipment, stated they shipped an estimated 384 carloads in 1973 and project future carloads to be 490. They stated operation would cease without rail service as did Redman Mobile Homes and D. G. Shelter Products. Redman shipped an estimated 80 carloads in 1973 and are projecting 320 carloads. D. G. Shelter projects 300-600 carloads. Robert Krause of the Mississippi Valley Implement Dealers Association, submitted correspondence to USRA and Penn Central stating they ship farm machines 11 feet wide and 12 feet long that are impossible to ship by truck.

Information for Line Retention Decision

Revenue received by PC	\$415,376
Average revenue per carload	\$391
Variable (avoidable) cost of continued service:	
Cost incurred on the Branch Line	126,778
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	11,438
Cost incurred beyond the branch line	263,558
Total variable (avoidable) cost	401,774
Net contribution (loss): total	13,602
Average per carload	13

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 880 crossties (an average of 85

crossies per mile). There is ample evidence of future traffic growth by firms on this line.

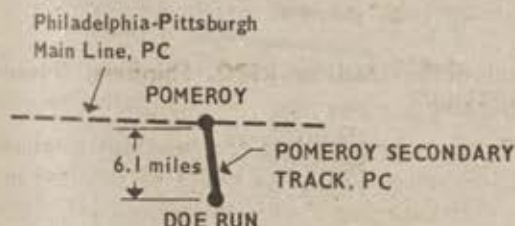
Recommendation

It is recommended that this portion of the New Holland Secondary Track be included in the ConRail System.

POMEROY SECONDARY TRACK

USRA Line No. 177

Penn Central



The Pomeroy Secondary Track, formerly part of the Pennsylvania RR, extends from *Pomeroy* (Milepost 0.0) to *Doe Run, Pa.* (Milepost 6.1), a distance of 6.1 miles, in Chester County, Pa. This line connects with the Philadelphia-Pittsburgh Line at Pomeroy. This line was not shown in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Doe Run	238
Buck Run	278
Pomeroy ¹	20

Total carloads generated by the line	536
Average carloads per week	10.3
Average carloads per mile	87.9
Average carloads per train	3.6

1973 operating information:

Number of round trips per year	150
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only shippers on this segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The USRA identified one shipper at Pomeroy, one shipper at Buck Run and five shippers at Doe Run.

Information for Line Retention Decision

Revenue received by PC	\$153,506
Average Revenue per carload	\$286

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	73,098
Cost of upgrading branch line to FRA Class I (1/10 of total upgrade cost)	15,646
Cost incurred beyond the branch line	123,225

Total variable (avoidable) cost	211,969
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Net contribution (loss): total	(58,463)
Average per carload	(109)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,100 crossies (an average of 344 crossies per mile).

Preliminary Recommendation

It is *not* recommended that the Pomeroy Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$58,463 or \$109 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 40 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will *not* make the line viable.

PORTION OF LEBANON RUNNING TRACK

USRA Line No. 180

Penn Central



This portion of the Lebanon Running Track, formerly part of the Pennsylvania RR, extends from *Cornwall* (Milepost 16.1), to *Lebanon, Pa.* (Milepost 21.7), a distance of 5.6 miles in Lebanon County, Pa.

This line is in Zone 82 in the U.S. Department of Transportation Report, "Rail Service in the Midwest and Northwest Region," dated February 1, 1974. A continuation of this line extends southwestward from Cornwall to Conewago (also under study in this Report). This line connects with the Reading Company's Lebanon Valley Branch at Lebanon and with the Lebanon & Tremont Branch at Lebanon (also under study). This line also connects with the East Lebanon Branch of the PC at Lebanon (also under study as potentially excess). This PC line is out of service because of flood damage in June 1972; service is being provided by the Reading Company. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Information for Line Retention Decision

At this time, PC cannot serve the shipper on this line owing to flood damage. The shippers are receiving and will continue to receive service from the Reading.

Recommendation

It is *not* recommended that this portion of the Lebanon Running Track be included in the ConRail System.

EAST LEBANON BRANCH

USRA Line No. 181

Penn Central



The East Lebanon Branch, formerly part of the Pennsylvania RR, extends from *Lebanon* (Milepost 0.0), to *East Lebanon, Pa.* (Milepost 1.4), a distance of 1.4 miles, in Lebanon County, Pa. This line connects with the PC Lebanon Running Track near Lebanon (also under study in this Report). It also connects with the Reading Company's Lebanon Valley Branch and Lebanon & Tremont Branch of the Reading at Lebanon, the latter also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 82).

Information for Line Retention Decision

At this time, the shippers on this line are being served by the Reading. Flood damage prevents PC service. The shippers will continue to receive service from the Reading.

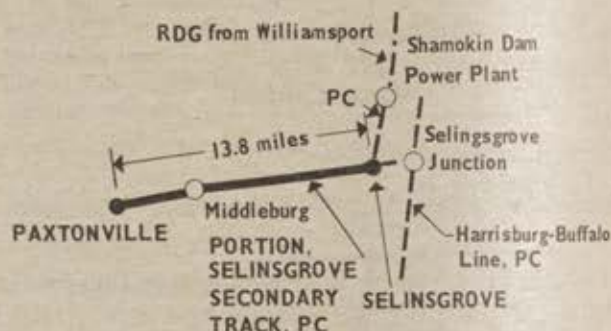
Recommendation

It is *not* recommended that the East Lebanon Branch be included in the ConRail System.

PORTION OF SELINGSGROVE SECONDARY

USRA Line No. 185/186

Penn Central



This portion of the Selingsgrove Secondary Track, formerly part of the Pennsylvania RR, extends from *Paxtonville* (Milepost 30.1) to *Selingsgrove, Pa.* (Milepost 43.9), a distance of 13.8 miles, in Snyder County, Pa. A continuation of this line extends eastward to Selingsgrove Junction where it connects with the PC Harrisburg-Buffalo line. The PC applied in June, 1973 for permission to abandon the portion of this line from Paxtonville to Middleburg (ICC Docket AB-5, Sub 166). No action has been taken on this application. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Selingsgrove ¹	216
Clifford	5
Kreamer	218
Middleburg	263
Paxtonville	31

Total carloads generated by the line	733
Average carloads per week	14.1
Average carloads per mile	50.6
Average carloads per train	2.5
1973 operating information:	
Number of round trips per year	296
Estimated time per round trip (hours)	12.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled

"The Public Response to the Secretary of Transportation's Rail Service Report." Pennsylvania's response to the DOT report estimated that truck service would cost area shippers an additional \$200,000 per year. The Central Susquehanna Valley Chamber of Commerce claimed 570 carloads in 1973 and project a future need for 750 rail cars. Kreamer Feed Store has recently built a \$400,000 addition. Local unemployment would rise 25% with loss of rail service. USRA staff reports two industrial sites with a total of 195 acres are available along this line.

Information for Line Retention Decision

Revenue received by PC.....	\$348,236
Average revenue per carload.....	\$475
Variable (Avoidable) Cost of Continued Service:	
Cost incurred on the branch line.....	298,025
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	45,671
Cost incurred beyond the branch line.....	243,360
Net contribution (loss): Total.....	587,056
Net contribution (loss): Total.....	(238,820)
Average per carload.....	(326)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5250 crossties (an average of 362 crossties per mile).

Information received from Penn Central indicates an active coal consumer on this line.

Although service to the entire line generates a loss, service to the line from Milepost 43.9 to Milepost 37.0 (serving shippers at Selinsgrove, Clifford and Kreamer generated 439 carloads in 1973) would generate \$174,788 in revenue and \$170,950 in costs with a resulting net contribution of \$3,788 or \$9 per carload.

Recommendation

It is recommended that the portion of the Selinsgrove Secondary Track from milepost 43.9 to milepost 37.0 be included in the ConRail System.

Preliminary Recommendation

It is not recommended that the portion of the Selinsgrove Secondary Track from milepost 37.0 to milepost 30.1 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$242,608 or \$823 per carload.

Recovery of costs would require approximately a five-fold increase in traffic or a 140 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will not make the line viable.

BUTTON AND DAN SECONDARY TRACKS

USRA Line No. 192/192a/192b

Penn Central



The Button and Dan Secondary Tracks, (sometimes called the Buttonwood Line) formerly part of the Pennsylvania RR, extend from Sunbury (Milepost 1.0) to Wilkes-Barre, Pa. (Milepost 62.8), a distance of 61.8 miles, in Northumberland, Montour, Columbia and Luzerne Counties, Pa. This line connects at Sunbury with the Harrisburg-Buffalo line and the Shamokin Secondary Track of the PC. The Shamokin Secondary Track is also under study in this Report. At Norca, this line is intersected by the Catawissa Branch of the Reading to West Milton and Tamaqua, which is also under study in this Report. At Nanticoke, the line connects with the Glenlyon Branch of the PC, also under study in this Report. At Wilkes-Barre the line connects with the LV line to Coxton, and with the Wilkes-Barre Connecting Railroad (jointly owned by the PC and D&H). The Wilkes-Barre Connecting Railroad is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 72 and 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

S. Danville.....	820
Catawissa Junction.....	0
Catawissa.....	7
East Bloomsburg.....	0
Creasy.....	0

Nescopeck	35
Wapwallopen	2
Retreat	2
Honey Pot	0
Nanticoke	1
Buttonwood	0
Wilkes-Barre	137

Total carloads generated by the line	1,004
Average carloads per week	19.3
Average carloads per mile	1.6
Average carloads per train	3.5
1973 operating information:	
Number of round trips per year	290
Estimate time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$614,446
Average revenue per carload	\$612
Variable (avoidable) cost of continued service:	
Cost incurred on branch line	610,538
Cost of upgrading branch line to FRA	
Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	303,689
Total variable (avoidable) cost	914,227
Net contribution (loss): total	(299,781)
Average per carload	(299)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). An evaluation of coal reserves by USRA staff indicates this line is currently used as a through route for coal shipments.

Recommendation

Although service to this entire line generates a loss, service between Milepost 1.0 to Milepost 10.2 (serving shippers at South Danville) would generate \$545,155 and \$339,931 costs with a resulting net contribution of \$206,124.

It is recommended that the portion of the Button and Dan Secondary Tracks from Milepost 1.0 to 10.2 be included in the ConRail System.

Preliminary Recommendation

It is not recommended that the portion of the Button and Dan Secondary Tracks between 10.2 and 61.8 be included in the ConRail System. Through service is rec-

ommended via the present Lehigh Valley line to Allentown with D&H being granted trackage rights to Allentown (see Chap. 3).

WILKES-BARRE CONNECTING RAILROAD

USRA Line No. 192c

Penn Central (and Delaware & Hudson)



The Wilkes-Barre Connecting Railroad extends from Buttonwood (Milepost 0.0) to Hudson, Pa. (Milepost 6.4), a distance of 6.4 miles, in Luzerne County, Pennsylvania. The Wilkes-Barre Connecting Railroad is jointly owned by the Penn Central and Delaware & Hudson Railroads on a 50-50 basis. It provides a "bridge" for interchange between the two railroads. At Buttonwood this line connects with the Button Secondary Track of the PC, which is also under study in this Report. At Hudson, the line connects with the Delaware & Hudson RR to Scranton. This line was not described as potentially excess in the U.S. DOT Report (see Zone 72).

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This track is not necessary for ConRail's operation. Local shippers can still be served by the D&H. Interchange between the D&H and ConRail can still take place at Wilkes-Barre with freight then moving via the Lehigh Valley route to Allentown, and the Reading route to Harrisburg.

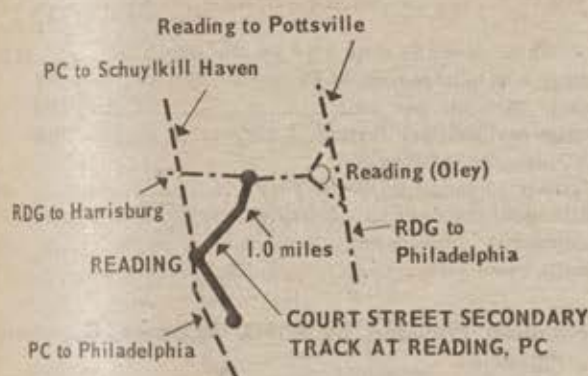
Preliminary Recommendation

It is not recommended that the Wilkes-Barre Connecting Railroad be included in the ConRail System.

COURT STREET SECONDARY TRACK

USRA Line No. 194

Penn Central



The Court Street Secondary Track, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 1.0, a distance of 1.0 miles, at Reading in Berks County, Pa. This line has been used as an interchange track with the Reading RR. It connects with the Schuylkill Secondary Track of the Penn Central at Reading (also under study in this Report). This line was not described as potentially excess in the U.S. DOT Report (see Zone 68).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers. It is used to interchange traffic with the Reading.

Preliminary Recommendation

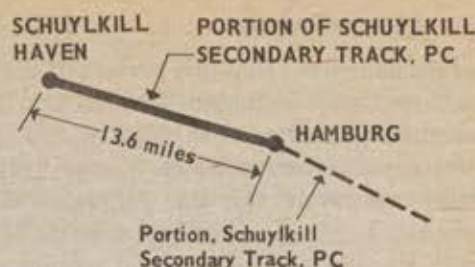
It is *not* recommended that the Court Street Secondary Track be included in the ConRail System.

PORTION OF SCHUYLKILL SECONDARY TRACK

USRA Line No. 196

Penn Central

This portion of the Schuylkill Secondary Track, formerly part of the Pennsylvania RR, extends from Hamburg (Milepost 76.9) to Schuylkill Haven (Milepost 90.5), a distance of 13.6 miles, in Schuylkill and Berks Counties, Pennsylvania. This line continues southeastward from Hamburg (which sector is also



under study in this report). This line was not described as potentially excess in the U.S. DOT Report. (See Zones 68 and 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Auburn	94
Schuylkill Haven	92

Total carloads generated by the line	186
Average carloads per week	3.6
Average carloads per mile	13.7
Average carloads per train	1.8
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	6
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$98,163
Average revenue per carload	\$528

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	126,021
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	6,791
Cost incurred beyond the branch line	71,485

Total variable (avoidable) cost	204,297
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Net contribution (loss): total	(106,134)
Average per carload	(571)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,000 crossties (an average of 74 crossties per mile).

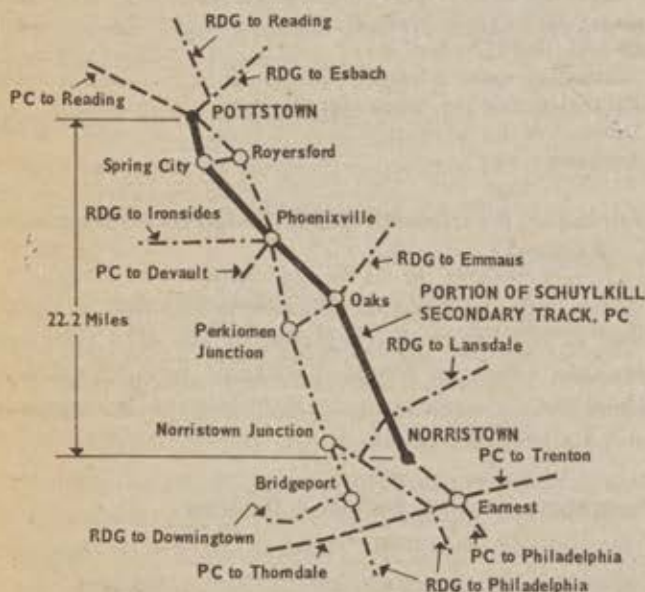
Preliminary Recommendation

It is *not* recommended that this portion of the Schuylkill Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$106,134 or \$571 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 110 percent rate increase over the 1973 levels. Costs may also be reduced by reducing frequency, although this alone, will *not* make the line viable.

PORTION OF THE SCHUYLKILL SECONDARY TRACK

USRA Line No. 197

Penn Central



This portion of the Schuylkill Secondary Track, formerly part of the Pennsylvania RR, extends from Norristown (Milepost 18.1) to Pottstown, Pa. (Milepost 40.3), a distance of 22.2 miles, in Chester and Montgomery Counties, Pennsylvania. A continuation of this line extends northwestward from Pottstown, which is also under study in this Report. Connections include: the Reading Perkiomen Branch at Oaks and the PC Phoenixville Branch at Phoenixville. This line was not described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Betzwood	83
Oaks	464
Port Providence	631

Phoenixville	3,350
Cromby	241
Royersford-Spring City	302
Pennhurst	0
Parker Ford	183
Lanfield	1
Pottstown	7,087

Total carloads generated by the line	12,312
Average carloads per week	232.5
Average carloads per mile	544.5
Average carloads per train	21.6
1973 Operating Information:	
Number of round trips per year	560
Estimated time per round trip (hours)	10.5
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Mr. C. C. Cory, Firestone, wrote to the ICC stating that Firestone generated 6,569 carloads to and from their Pottstown facility.

Information for Line Retention Decision

Revenue received by PC	\$5,732,337
Average revenue per carload	\$474
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	775,536
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	47,728
Cost incurred beyond the branch line	3,235,681
Total variable (avoidable) cost	4,058,945
Net contribution (loss): total	1,673,392
Average per carload	138

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 6,840 crossties (an average of 308 crossties per mile).

Recommendation

It is recommended that service to shippers on this portion of the Schuylkill Secondary Track be included in the ConRail System. While ConRail will provide service to the stations and industries on this line segment, there is a parallel line (the RDG). Segments of this line not required to serve customers may be removed.

PORTION OF THE SCHUYLKILL SECONDARY TRACK

USRA Line No. 197a

Penn Central



This portion of the Schuylkill Secondary Track, formerly part of the Pennsylvania RR, extends from Pottstown (Milepost 40.3), to Reading, Pa. (Milepost 58.3), a distance of 18.0 miles, in Berks and Montgomery Counties, Pennsylvania. A continuation of this line extends northwestward from Reading and southeastward from Pottstown; which are also under study in this Report. Connections include: the Reading Wilmington & Northern Branch at Birdsboro, and the Reading Lebanon Valley Branch, East Pennsylvania Branch, and Philadelphia-Pottsville line at Reading. This line was not described as potentially excess in the U.S. DOT Report (see Zones 66 and 68).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Stowe	20
Monocacy	7
Birdsboro	683
Reading	3,499
Total carloads generated by the line	4,209
Average carloads per week	80.9
Average carloads per mile	233.8
Average carloads per train	16.2
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	10.5
Locomotive horsepower	4,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$2,169,091
Average revenue per carload	\$515
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	460,441
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	38,359
Cost incurred beyond the branch line	1,159,900
Total variable (avoidable) cost	1,658,700
Net Contribution (loss): total	510,391
Average per carload	121

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total 5,580 crossties (an average of 310 crossties per mile).

Recommendation

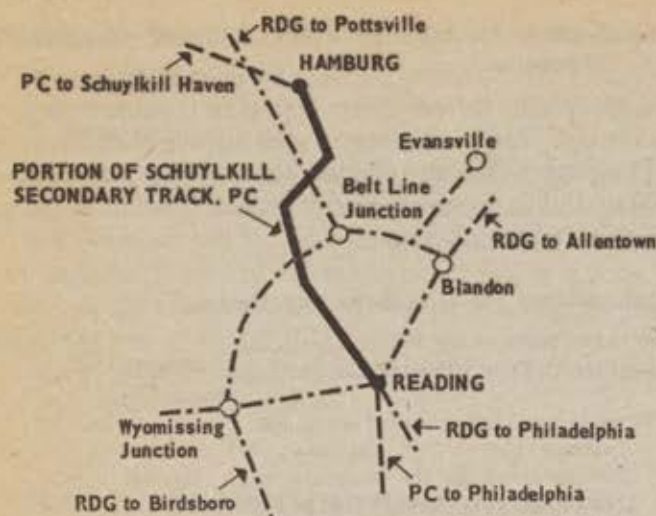
It is recommended that service to shippers on this portion of the Schuylkill Secondary Track be included in the ConRail System. While ConRail will provide service to the stations and industries on this line segment, there is a parallel line (the RDG). Segments of this line not required to serve customers may be removed.

PORTION OF THE SCHUYLKILL SECONDARY TRACK

USRA Line No. 197b

Penn Central

This portion of the Schuylkill Secondary Track, formerly part of the Pennsylvania RR, extends from Reading (Milepost 58.3), to Hamburg, Pa. (Milepost 76.9), a distance of 18.6 miles, in Berks County, Pennsylvania. A continuation of this line extends northwestward from Hamburg and southeastward from Reading, which are also under study in this Report. Connections include: The Reading, East Pennsylvania Branch, Lebanon Valley Branch and Philadelphia-Pottsville line at Reading. A portion of this line was



described as potentially excess in the U.S. DOT Report (see Zone 68).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Temple	207
Leesport	209
Shoemakersville	192
Hamburg	40

Total carloads generated by the line	1,048
Average carloads per week	19.4
Average carloads per mile	54.2
Average carloads per train	11.2

1973 operating information:

Number of round trips per year	90
Estimated time per round trip (hours)	9.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Agway, Inc., projected 40-50 carloads; Hustings Pavement Co. estimated 204 carloads in 1973; Glen-Gery Corp. estimated 175 carloads in 1973 and projects 350 carloads. Pennsylvania's response indicates a producer of copper and brass tubing (Reading Metals Refining) has shipped and received an average of 60 carloads per month and projects 105-150 carloads per month due to increased demand for these products.

Information for Line Retention Decision

Revenue received by PC	\$411,652
Average revenue per carload	\$408
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	189,183

Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	44,523
Cost incurred beyond the branch line	340,851

Total variable (avoidable) cost 574,557

Net contribution (loss): total	(162,905)
Average per carload	(162)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 5,580 crossties (an average of 300 crossties per mile).

The Glen-Gery Corp. has proposed that Reading customers, who are located close to Temple, be served by a short line railroad and that through service to Hamburg be maintained on the PC track. Algonquin Chemical agreed with this proposal. Glen-Gery Corp. and General Battery Corp. are planning, or have undertaken, expansion programs which will increase their rail usage and employment.

Preliminary Recommendation

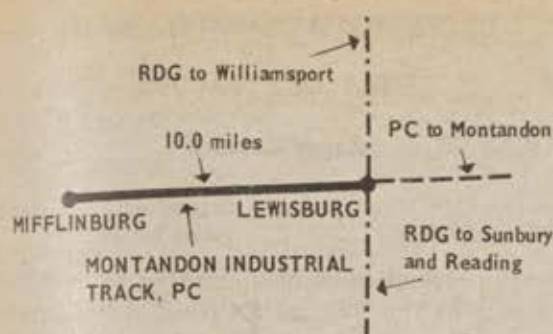
Although the preliminary recommendation is that this portion of the Schuylkill Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$162,905 or \$162 per carload. Recovery of costs would require approximately a 233 percent increase in traffic or a 40 percent rate increase over the 1973 levels. Also ConRail may provide service to some stations and industries on this line segments from a parallel line (the RDG).

MONTANDON INDUSTRIAL TRACK

USRA Line No. 201

Penn Central

The Montandon Industrial Track, formerly part of the Pennsylvania RR, extends from Lewisburg (Milepost 1.6), to Mifflinburg, Pa. (Milepost 11.6), a distance of 10.0 miles, in Union County, Pennsylvania. The Montandon Industrial Track continues eastward to Montandon. At Lewisburg, the line is intersected by the Shamokin, Sunbury & Lewisburg Branch of the Reading. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lewisburg ¹	417
Vicksburg	1
Mifflinburg	449
Total carloads generated by the line	
Average carloads per week	16.6
Average carloads per mile	86.4
Average carloads per train	8.3
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,200
Train crew size	4
¹ Includes only traffic on segment.	

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Penn DOT showed this line generated 1,682 rail cars per year. Yorktowne Kitchens estimated 291 carloads in 1973 and projected 725. They have begun construction of a \$750,000 improvement to this plant. Mifflinburg Farmers Exchange estimated 50 carloads in 1973 and projected 60 carloads. Pa.'s response indicates Yorktowne Kitchens is also preparing a new rail siding which will cost \$30,000. Wickes Homes indicated loss of 150 jobs with loss of rail service.

Information for Line Retention Decision

Revenue received by PC	\$338,926
Average revenue per carload	\$392
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	143,151
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	15,218
Cost incurred beyond the branch line	214,171
Total variable (avoidable) cost	372,540
Net contributions (loss): total	(33,614)
Average per carload	(39)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 900 crossties (an average of 90 crossties per mile).

Although this entire line generates a loss, a 25 percent increase in traffic or a 10 percent rate increase over 1973 levels would enable financial self-sufficiency.

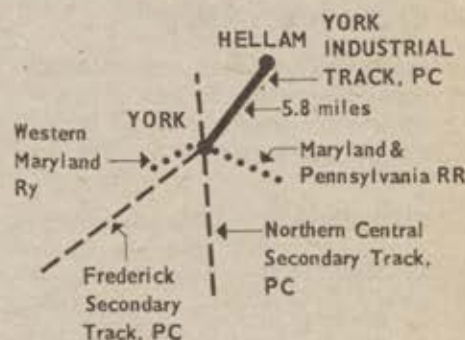
Recommendation

It is recommended that the Montandon Industrial Track be included in the ConRail System.

YORK INDUSTRIAL TRACK

USRA Line No. 202

Penn Central



The York Industrial Track, formerly part of the Pennsylvania RR, extends from York (Milepost 7.0) to Hellam, Pa. (Milepost 12.8), a distance of 5.8 miles, in York County, Pa. This line connects with the Penn Central Northern Central Secondary Track at York (also under study in this Report). It also connects with the Penn Central Frederick Secondary Track at York, and the Maryland & Pennsylvania Railroad at York. This line was described as potentially excess in the U.S. DOT Report (see Zone 83).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
York ¹	985
Total carloads generated by the line	
Average carloads per week	18.9
Average carloads per mile	169.8
Average carloads per train	6.6
1973 Operating Information:	
Number of round trips per year	150
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that York-Shipley Company manufactures machinery weighing over 30 tons and has no alternative to shipping by rail. Correspondence submitted to USRA from Dennis E. Willman of York Container states that this company receives approximately 32 carloads of material per month. There is extensive industrial development along the line.

Information for Line Retention Decision

Revenue received by PC.....	\$308,557
Average revenue per carload.....	\$313
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	112,933
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	10,314
Cost incurred beyond the branch line.....	244,762
Total variable (avoidable) cost.....	368,009
Net contribution (loss): total.....	(59,452)
Average per carload.....	(60)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,840 crossties (an average of 317 crossties per mile).

Available information indicates that development of an industrial park along this line may greatly increase the traffic on this line in the near future.

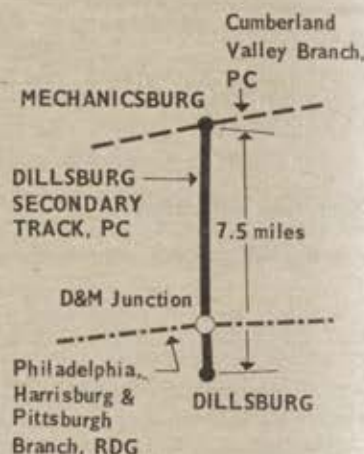
Preliminary Recommendation

Although the preliminary recommendation is that the York Industrial Track be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenues, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$59,452 or \$60 per carload. Recovery of costs would require approximately a 90 percent increase in traffic or a 20 percent rate increase over the 1973 levels.

DILLSBURG SECONDARY TRACK

USRA Line No. 203

Penn Central



The Dillsburg Secondary Track, formerly part of the Pennsylvania RR, extends from *Mechanicsburg* (Milepost 8.9) to *Dillsburg, Pa.* (Milepost 16.4), a distance of 7.5 miles, in Cumberland and York Counties, Pa. This line connects with the Penn Central Cumberland Valley Branch at Mechanicsburg. This line was described as potentially excess in the U.S. DOT Report (see Zones 81 and 83).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Dillsburg	220
Total carloads generated by the line.....	220
Average carloads per week.....	4.2
Average carloads per mile.....	29.3
Average carloads per train.....	2.1
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	6
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that this line primarily serves agricultural products and lumber. Allied Mills (grain) and J. H. Rearick Co. (lumber) projected future growth of 300 carloads. Testimony also indicated that abandonment of this line might cause two businesses to shut down with a resulting loss of 29 jobs.

Information for Line Retention Decision

Revenue received by PC	\$95,612
Average revenue per carload	\$435
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	92,464
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	68,283
Total variable (avoidable) cost	160,747
Net contribution (loss): Total	(65,135)
Average per carload	(341)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is not recommended that the Dillsburg Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$65,135 or \$341 per carload. Recovery of costs would require approximately a 240 percent increase in traffic or an 80 percent rate increase over the 1973 levels.

PORTION OF CUMBERLAND VALLEY BRANCH

USRA Line No. 204

Penn Central



This portion of the Cumberland Valley Branch, formerly part of the Pennsylvania RR, extends from New

Kingston (Milepost 11.8) to Chambersburg, Pa. (Milepost 51.6), a distance of 39.8 miles, in Franklin and Cumberland Counties, Pennsylvania. At New Kingston, this line continues eastward to Harrisburg, at Chambersburg it continues southward to Hagerstown, Maryland which is also under study in this Report. This line connects with the Western Maryland Railroad at Chambersburg. It also connects with the Western Maryland Railroad and the Reading's Philadelphia, Harrisburg & Pittsburgh Branch at Shippensburg. This line connects with the Gettysburg Branch of the Reading at Carlisle, a line also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 80 and 81).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Kingston ¹	608
Middlesex	28
Gettysburg Junction	0
Carlisle	2,394
Greason	0
Newville	0
Shippensburg	172
Mt. Holly Springs	97
Chambersburg ¹	645

Total carloads generated by the line	3,944
Average carloads per week	75.8
Average carloads per mile	99.1
Average carloads per train	13.1
1973 operating information:	
Number of Round trips per year	300
Estimated time per round trip (hours)	6
Locomotive horsepower	6,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Pennsylvania Public Utilities Commission reported that the line generated an annual volume of 125 cars per mile. Pet, Inc. (frozen foods) shipped an estimated 105 carloads in 1973 and is projecting 120 in the future; Cumberland Valley Cooperative (grain, feed) estimated 200 carloads and is projecting 400 carloads; Newville Builders (lumber) shipped 2 carloads in 1973 and project 52 carloads; C. H. Masland & Sons (jute and polyethylene) estimated 1,435 in 1973 and is the county's largest employer. If rail service is lost, this company will eliminate 1,100 jobs. Pa.'s response indicates Cumberland Valley Coop. is presently constructing a \$1½ million new facility near Shippensburg.

Information for Line Retention Decision

Revenue received by PC	\$1,399,300
Average revenue per carload	\$355
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	601,899
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,006,960
Total variable (avoidable) cost	1,608,854
Net contribution (loss): total	(209,554)
Average per carload	(53)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). An evaluation of coal reserves by USRA Staff indicates that this line is currently used as a high volume through-route for coal shipments. A possibility for an alternate route would be the Reading between Shippensburg and Harrisburg.

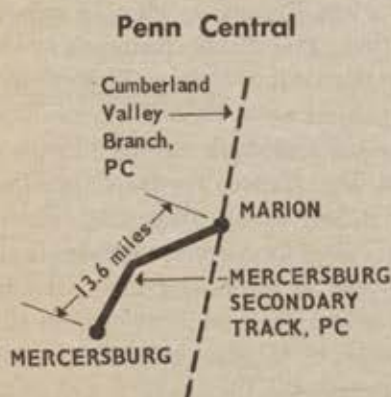
Although this line generated a loss of \$209,554, it is required to serve segment 204a which generated a net contribution of \$1,584,571.

Recommendation

It is recommended that service to shippers on this portion of the Cumberland Valley Branch be included in the ConRail System. While all of the industries will continue to be served, some portions of the line may be removed and traffic served from the parallel Reading line.

MERCERSBURG SECONDARY TRACK

USRA Line No. 206



The Mercersburg Secondary Track, formerly part of the Pennsylvania RR, extends from Marion (Milepost 59.1) to Mercersburg, Pa. (Milepost 72.7), a distance of 13.6 miles, in Franklin County, Pa. This line connects

with the Cumberland Valley Branch of the Penn Central at Marion (S. Penn Jct.) also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Williamson	97
Lehmasters	30
Mercersburg	160
Marion	0
Total carloads generated by the line	
Average carloads per week	5.5
Average carloads per mile	21.1
Average carloads per train	3.8
1973 operating information:	
Number of round trips per year	75
Estimated time per round trip (hours)	5.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the Penn DOT reported the line generated 91 rail cars per mile per year, but PUC estimated it generated only 42 cars per mile. Several companies are planning on expansions: Huntington Creek Corp., PBS Coal, Shirley-Ayr Farms, and Loewengart Co. Many of Loewengart's suppliers ship only by rail and the company would be unable to obtain raw materials without rail service.

Information for Line Retention Decision

Revenue received by PC	\$139,733
Average revenue per carload	\$487
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	126,951
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	95,634
Total variable (avoidable) cost	222,585
Net contribution (loss): total	(82,852)
Average per carload	(289)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

An evaluation of coal reserves by USRA and Penn Central staff indicates there are broken coal seams in the area which are not economical to process.

Preliminary Recommendation

It is *not* recommended that the Mercersburg Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$82,852 or \$289 per carload. Recovery of costs would require approximately a two-fold increase in traffic or a 60 percent rate increase over the 1973 levels.

PORTION OF MILROY SECONDARY TRACK

USRA Line No. 208

Penn Central



This portion of the Milroy Secondary Track, formerly part of the Pennsylvania RR, extends from Yeagertown (Milepost 3.9) to Reedsville, Pa. (Milepost 5.8), a distance of 1.9 miles, in Mifflin County, Pa. A continuation of this line extends southward to Lewistown and northward to Milroy (both of which are also under study in this Report). This line was described as potentially excess in the U.S. DOT Report (see Zone 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Reedsville	7
Milroy	0
Total carloads generated by the line	7
Average carloads per week	0.1
Average carloads per mile	3.7
Average carloads per train	0.5
1973 Operating information:	
Number of round trips per year	14
Estimated time per round trip (hours)	1.5
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$2,181
Average revenue per carload	\$312
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	3,933
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	2,727
Cost incurred beyond the branch line	1,551
Total variable (avoidable) cost	8,211
Net contribution (loss): total	(6,030)
Average per carload	(861)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,200 crossties (an average of 600 crossties per mile).

Preliminary Recommendation

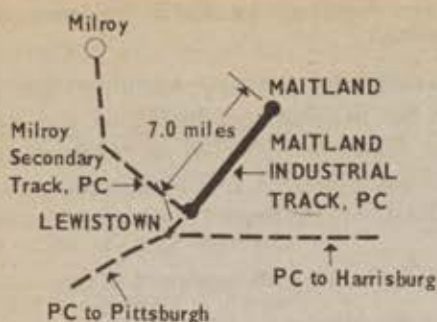
It is *not* recommended that this portion of the Milroy Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$6,030 or \$861 per carload. Recovery of costs would require approximately a ten-fold increase in traffic or 275 percent rate increase over the 1973 levels.

MAITLAND INDUSTRIAL TRACK

USRA Line No. 209

Penn Central

The Maitland Industrial Track, formerly part of the Pennsylvania RR, extends from Lewistown (Milepost 0.0) to Maitland, Pa. (Milepost 7.0), a distance of 7.0 miles, in Mifflin County, Pa. This line connects with the Penn Central Milroy Secondary Track at Lewistown (also under study in this Report) and with the PC's Philadelphia-Pittsburgh line, on the south side of the Juniata River. This line was described as potentially excess in the U.S. DOT Report (see Zone 80).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Maitland	390
Total carloads generated by the line	390
Average carloads per week	7.5
Average carloads per mile	55.7
Average carloads per train	5.6
1973 operating information:	
Number of round trips per year	70
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Sitken Industries, a smelting company, is expanding and uses rail freight for some of its shipments.

Information for Line Retention Decision

Revenue received by PC	\$205,743
Average revenue per carload	\$528
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	67,342
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	34,372
Cost incurred beyond the branch line	94,828
Total variable (avoidable) cost	196,542
Net contribution (loss): total	9,201
Average per carload	24

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,200 crossties (an average of 600 crossties per mile).

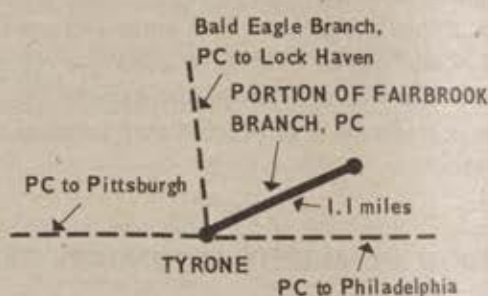
Recommendation

It is recommended that the Maitland Industrial Track be included in the ConRail System.

PORTION OF FAIRBROOK BRANCH

USRA Line No. 210

Penn Central



This portion of the Fairbrook Branch, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 1.1, at Tyrone, Pa., a distance of 1.1 miles in Blair County, Pa. This small segment is the last portion of the Fairbrook Branch, as all but 1,175 feet have been removed. At Tyrone, this line connects with the PC Philadelphia-Pittsburgh line and the PC Bald Eagle Branch, both of which are under study in this Report. The Trustees of the Penn Central Transportation Company have filed for abandonment on Docket No. AB-5 Sub. 158 with the ICC. This line was not shown in the U.S. DOT Report (see Zone 79).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Tyrone ¹	40
Total carloads generated by the line	40
Average carloads per week	0.8
Average carloads per mile	200.0
Average carloads per train	1.7
1973 Operating information:	
Number of round trips per year	24
Estimated time per round trip (hours)	0.5
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information from PC staff indicates all but 1,175 feet of this track has been removed and the switch leading to the line relocated. At present there is nothing more than a siding being used by one patron, Tyrone Milling Co. Penn DOT is presently doing extensive highway work in the area which will require removal of a bridge and relocation of the patron at no expense to the patron. Also, the Corp of Army Engineers is planning on relocating Juniata River and

in so doing will take land from PC where Branch is presently located.

Information for Line Retention Decision

Revenue received by PC.....	\$9,396
Average revenue per carload.....	\$234
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	4,468
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	9,466
Cost incurred beyond the branch line.....	1,801
Total variable (avoidable) cost.....	15,735
Net contribution (loss): total.....	(6,342)
Average per carload.....	(158)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 550 crossties (an average of 500 crossties per mile).

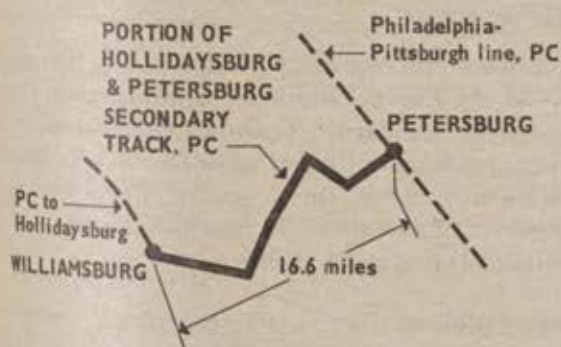
Preliminary Recommendation

It is *not* recommended that the Fairbrook Branch at Tyrone be included in the ConRail System.

PORTION OF HOLLIDAYSBURG AND PETERSBURG SECONDARY TRACK

USRA Line No. 212/212a

Penn Central



This portion of the Hollidaysburg and Petersburg Secondary Track, formerly part of the Pennsylvania RR, extends from Petersburg (Milepost 0.5) to Williamsburg, Pa. (Milepost 17.1) a distance of 16.6 miles, in Blair and Huntingdon Counties, Pennsylvania. A continuation of this line extends westward from Williamsburg to Hollidaysburg. This line also connects with the Penn Central line at Petersburg. An application for abandonment of the portion of the line between Alexandria and Williamsburg has been filed with the

ICC (Docket AB-5 Sub. 43). This line, except for the portion from the Huntingdon County line to Williamsburg, was described as potentially excess in the U.S. DOT Report (see Zones 79 and 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Alexandria	362
Horrell	0
Total carloads generated by the line.....	362
Average carloads per week.....	7.0
Average carloads per mile.....	21.8
Average carloads per train.....	3.5
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	3.5
Locomotive horsepower.....	1,200
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Westab-Blair Co. estimated 319 carloads in 1973 and projected 467 carloads, and Maryland Refractories Co. projected 150 carloads. Pa.'s response indicates one of the largest shippers on this line (Westab) receives 400 carloads annually and indicates if rail service is discontinued they will be forced to relocate. The line from Blair County line to Petersburg serves as an alternate route over the mountains when the mainline is out of service. Joseph S. Dewey testified on behalf of Moss-American Co., stating this company produces crossties for the railroads at Alexandria and relocation or closing of the yard would increase costs of doing business with the railroads. Robert A. Halloran, Southern Alleghenies Planning & Dev. Comm., testified that abandonment of Petersburg Branch would result in the loss of access to 90 million tons of basalt trap rock.

Information for Line Retention Decision

Revenue received by PC.....	\$109,608
Average revenue per carload.....	\$303
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	134,878
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost) ..	12,494
Cost incurred beyond the branch line.....	68,325
Total variable (avoidable) cost.....	215,697
Net contribution (loss): total.....	(106,089)
Average per carload.....	(293)

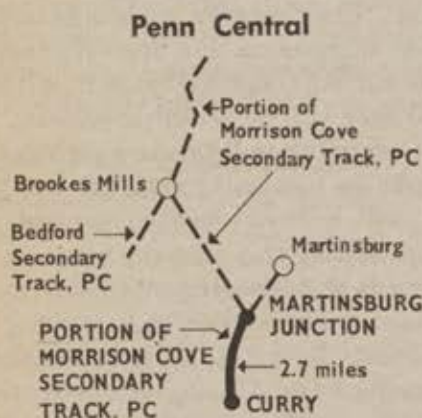
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,500 crossties (an average of 151 crossties per mile).

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Hollidaysburg and Petersburg Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$106,089 or \$293 per carload. Recovery of costs would require approximately a 255 percent increase in traffic or a 95 percent rate increase over the 1973 levels.

PORTION OF MORRISON COVE SECONDARY TRACK

USRA Line No. 214



This portion of the Morrison Cove Secondary Track, formerly part of the Pennsylvania RR, extends from Martinsburg Junction (Milepost 21.5) to Curry, Pa. (Milepost 24.2), a distance of 2.7 miles, in Blair County, Pennsylvania. Continuations of this line extend northward to Martinsburg, Brookess Mills and Hollidaysburg (also under study in this Report). This line was not shown in the U.S. DOT Report (see Zone 79).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Martinsburg Jct.	0
Curry	157
Total carloads generated by the line	157
Average carloads per week	3.0

Average carloads per mile	58.2
Average carloads per train	2.2
1973 operating information:	
Number of round trips per year	70
Estimated time per round trip (hours)	1
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Agway Inc. (feed, fertilizer) shipped an estimated 158 carloads. Correspondence submitted to USRA staff by Keith Black, Agway Inc. at the Altoona hearings indicated they received 14,247 tons of feed, seed, and fertilizer from July 1972 to June 1973 with freight charges of \$194,081. Mr. Black states "In the year 1972, 5 of the top 20 cows in the world were in Morrison's Cove or Curryville Area."

Information for Line Retention Decision

Revenue received by PC	\$71,720
Average revenue per carload	\$457
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	28,027
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	4,250
Cost incurred beyond the branch line	45,106
Total variable (avoidable) cost	77,383
Net contribution (loss): total	(5,663)
Average per carload	(36)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 729 crossties (an average of 270 crossties per mile).

Recommendation

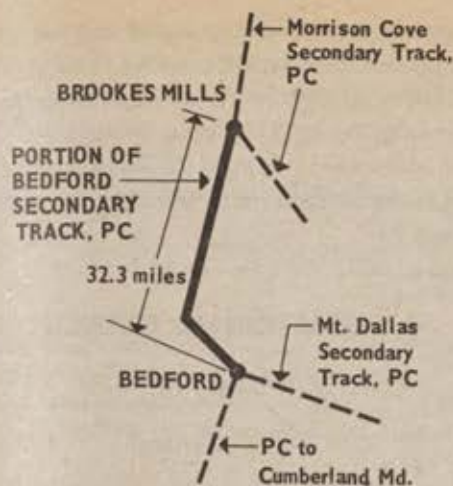
It is recommended that this portion of the Morrison Cove Secondary Track be included in the ConRail System.

PORTION OF BEDFORD SECONDARY TRACK

USRA Line No. 216

Penn Central

This portion of the Bedford Secondary Track, formerly part of the Pennsylvania RR, extends from



Brook's Mills (Milepost 14.2) to Bedford, Pa. (Milepost 46.5), a distance of 32.3 miles, in Bedford and Blair Counties, Pa. This line connects with the Morrison Cove Secondary Track, of the Penn Central at Brook's Mills and with the Penn Central Mt. Dallas Secondary Track at Bedford. Both of these lines are under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 79 and 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

E. Freedom	16
Claysburg	402
Sproul	746
Queen	1
Osterberg	0
Fishertown	2
Bedford	1,194

Total carloads generated by the line	2,361
Average carloads per week	45.4
Average carloads per mile	73.1
Average carloads per train	9.4
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	9
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report," indicated that Agway Inc. estimated 36 carloads in 1973 and project 72 carloads. Hedstrom Co. estimated 471 carloads in 1973 and project 600 carloads. They state they'll close without rail service (employ 325 people). Mr. E. L. Tennyson, Penn DOT, states in correspondence there are 100 cars per mile per year and surveys project 5,000 cars per year in the future. Donald C. Gallagher, president, Bedford Development Council, states 837 carloads were received or shipped in Bedford in 1973. Also states

they're in the process of developing two industrial sites at a cost of \$200,000. Ellwood H. Spencer, General Refractories, stated at Altoona that they originated or terminated 955 carloads and loss of rail service would close their plant (425 employees). Daniel Stultz, Standard Register Co., stated at Pittsburgh hearings they shipped or received 358 cars in 1973.

Information for Line Retention Decision

Revenue received by PC	\$894,579
Average revenue per carload	\$379

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	400,346
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	576,522

Total variable (avoidable) cost	976,868
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Net contribution (loss): total	(82,289)
Average per carload	(35)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although this line lost \$82,289 or \$35 per car in 1973, a 25 percent increase in traffic or a 9 percent rate increase would enable financial self sufficiency.

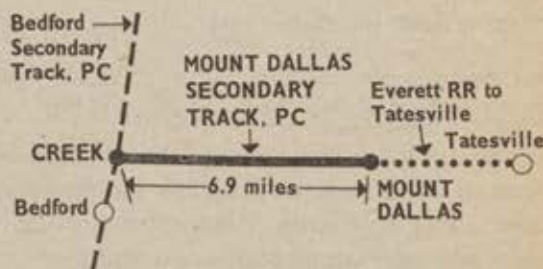
Recommendation

It is recommended that this portion of the Bedford Secondary Track be included in the ConRail System.

MOUNT DALLAS SECONDARY TRACK

USRA Line No. 218

Penn Central



The Mount Dallas Secondary Track, formerly part of the Pennsylvania RR, extends from CREEK (Milepost 0.0) to Mount Dallas, Pa. (Milepost 6.9), a distance of 6.9 miles, in Bedford County, Penn. At Bedford, this line connects with the Penn Central Bedford Secondary Track (also under study in this report). This line also connects with the Everett Railroad at Mount Dallas. This line was described as potentially excess in the U.S. DOT Report (see Zone 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ashcom	5
Mount Dallas ¹	322
Total carloads generated by the line	327
Average carloads per week	6.3
Average carloads per mile	47.4
Average carloads per train	3.6
1973 operating information:	
Number of round trips per year	90
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	4

¹ Includes carloads interchanged with the Everett Railroad.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated the Pennsylvania PUC finds 75 cars generated per mile per year along this branch. Pennsylvania DOT says that 10 firms are served by the branch. USRA found that the Everett RR, a privately-owned switching railroad running from Mount Dallas to Tatesville, serves 3 firms: Everite Door Co., Central Chemical Co., and Van Hessen Co. This traffic is billed at Mount Dallas, Penn.

Information for Line Retention Decision

Revenue received by PC	\$107,964
Average revenue per carload	\$330
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	61,228
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	84,242
Total variable (avoidable) cost	145,470
Net contribution (loss): total	(37,506)
Average per carload	(115)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph).

USRA and Penn Central staff found that this branch once served the Huntingdon & Broad Top coal fields. Because these coal seams are broken, the resulting coal mining costs make this region unlikely as a significant future coal mining area.

Preliminary Recommendation

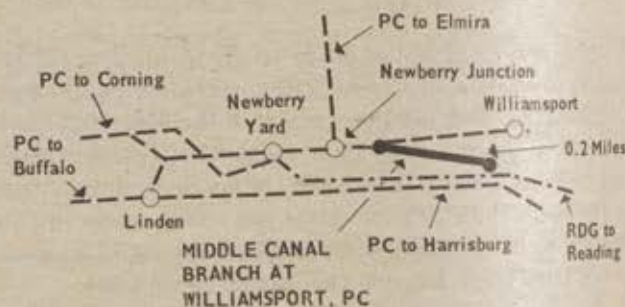
It is *not* recommended that the Mount Dallas Secondary Track be included in the ConRail System. Con-

tinued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$37,506 or \$115 per carload. Recovery of costs would require approximately a 160 percent increase in traffic or a 35 percent rate increase over the 1973 levels.

MIDDLE CANAL BRANCH

USRA Line No. 229

Penn Central



The Middle Canal Branch formerly part of the Pennsylvania RR, is at Williamsport, Pa. (VS 7+17) to (VS 15+36), a distance of 0.2 miles, in Lycoming County, Pa. This line is being considered for sale to a shipper on the line so that they may relocate it to serve their facilities in a more efficient manner. No patrons other than the shipper will be affected. This line was not described as potentially excess in the U.S. DOT Report (see Zone 73).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Williamsport ¹	83
Total carloads generated by the line	83
Average carloads per week	1.6
Average carloads per mile	415.0
Average carloads per train	4.2
1973 operating information:	
Number of round trips per year	20
Estimated time per round trip (hours)	0.3
Locomotive horsepower	600
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transporta-

tion's Rail Service Report." PC staff indicates this portion of the line is to be sold to the one shipper on this line so they may relocate it to serve their facilities in a more efficient manner.

Information for Line Retention Decision

Revenue received by PC	\$55,798
Average revenue per carload	\$672
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	5,299
Cost of upgrading branch line to FRA Class 1: (1/10 of total upgrading cost)	1,507
Cost incurred beyond the branch line	18,081
Total variable (avoidable) cost	24,887
Net contribution (loss): Total	30,911
Average per carload	372

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 250 crossties (an average of 313 crossties per mile).

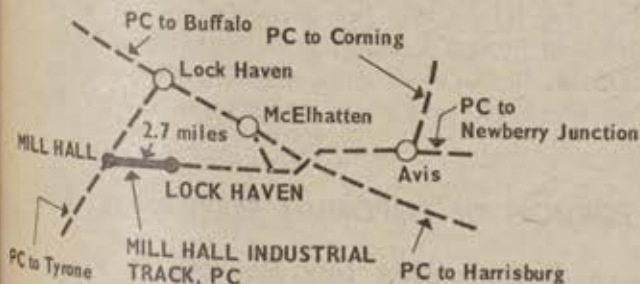
Recommendation

It is recommended that the Middle Canal Branch be included in the ConRail System.

MILL HALL INDUSTRIAL TRACK

USRA Line No. 243a

Penn Central



The Mill Hall Industrial Track, formerly part of the Pennsylvania RR, extends from Lock Haven (Milepost 11.3), to Mill Hall, Pa. (Milepost 14.0), a distance of 2.7 miles, in Clinton County, Pennsylvania. At Lock Haven this line connects with the PC Buffalo-Harris-

burg line. Additionally, this line connects with the PC Bald Eagle Branch to Tyrone at Mill Hall. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Mill Hall ¹	178
Lock Haven ¹	192
Total carloads generated by the line	370
Average carloads per week	7.1
Average carloads per mile	137.0
Average carloads per train	3.6
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$105,639
Average revenue per carload	\$286
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	43,148
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	72,998
Total variable (avoidable) cost	116,146
Net contribution (loss): total	(10,507)
Average per carload	(28)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Evaluation of coal reserves by USRA Staff indicates that there are no significant reserves or potential loading points along this line.

Although this line generates a loss, a 30 percent increase in traffic or a 10 percent rate increase over 1973 levels, would enable financial self-sufficiency.

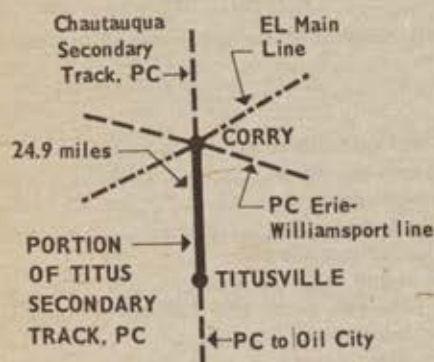
Recommendation

It is recommended that the Mill Hall Industrial Track be included in the ConRail System.

PORTION OF TITUS SECONDARY TRACK

USRA Line No. 250

Penn Central



This portion of the Titus Secondary Track, formerly part of the Pennsylvania RR, extends from Corry (Milepost 95.0) to Titusville, Pa. (Milepost 119.9), a distance of 24.9 miles, in Crawford and Erie Counties, Pennsylvania. This line was part of a through line between Buffalo and Oil City; both the northern (Chautauqua Secondary Track) and southern extensions of this line are also under study in this Report. At Corry, this line also connects with the PC's Erie and Emporium Secondary Tracks, (also under study in this report) and the Chicago-to-Jersey City line of the EL. Penn Central has filed petitions to abandon this line, (ICC Docket No. AB-5, Sub. 168 and USRA Docket No. 75-52). This line was not described as potentially excess in the U.S. DOT Report (see Zones 51 and 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Hydetown	2
Centerville	51
Spartansburg	76

Total carloads generated by the line.....	129
Average carloads per week.....	2.5
Average carloads per mile.....	5.2
Average carloads per train.....	2.5

1973 operating information:

Number of round trips per year.....	52
Estimated time per round trip (hours).....	4.0
Locomotive horsepower.....	2,000
Train crew size.....	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Correspondence from Lawrence Snapp, Platt's Mill, to USRA states it would be almost impossible to continue his feed manufacturing

business without rail service. Charles A. Poux, President of Oil Creek Plastics, wrote USRA about their erecting new silos for incoming raw materials. A. W. Carlson (VP Trans-Penn Wax Corp.), stated this company is dependent on rail service to bring in tank cars of raw wax (20,000 gallons). Earl E. Statler, Baillie Lumber Company, stated they have invested \$300,000 in this plant and believed they loaded 20 cars in 1973. Mr. James B. Stevenson, Publisher of Titusville Herald, states the abandonment may cause a major company, Jones & Laughlin Steel, to change their plans to move to this location.

Information for Line Retention Decision

Revenue received by PC.....	\$23,108
Average revenue per carload.....	\$179
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	186,108
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	31,803
Total variable (loss) : Total.....	217,911
Net contribution (loss) : Total.....	(194,803)
Average per carload.....	(1,510)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). An evaluation of coal reserves by USRA indicates no significant reserves or potential loading points along this line.

Preliminary Recommendation

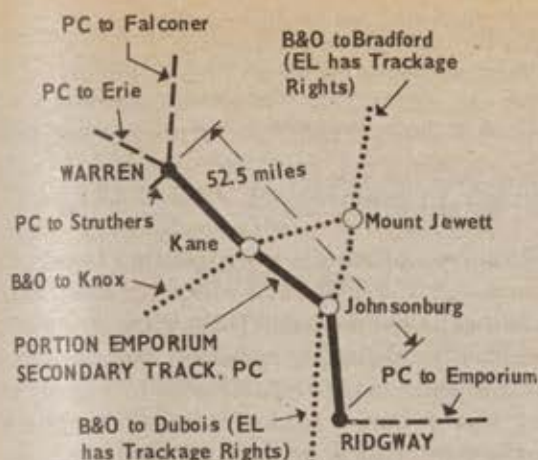
It is *not* recommended that this portion of the Titus Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$194,803 or \$1,510 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF EMPORIUM SECONDARY TRACK

USRA Line No. 252

Penn Central

This portion of the Emporium Secondary Track, formerly part of the Pennsylvania RR, extends from Warren (Milepost 66.5) to Ridgway, Pa. (Milepost 119.0), a distance of 52.5 miles, in Warren, McKean, and Elk Counties, Pa. Continuations of this line extend westward to Erie from Warren and eastward to Emporium



from Ridgway (both of which are also under study in this Report). At Warren, the line connects with the Valley Branch of the PC to North Warren and Falconer. At Kane it connects with the B&O. It is paralleled by the B&O Pittsburgh-Buffalo line between Johnsonburg and Ridgway over which the EL also operates. This line, except for the portion in Warren County, which was not studied, and the portion from Ridgway to north of Johnsonburg, was described as potentially excess in the U.S. DOT Report (see Zones 74 and 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Ridgway	58
Johnsonburg	618
Sergeant	46
Kane	1,178
Ludlow	0
Sheffield	83
Tiona	117
Clarendon	65
Stoneham	0
Warren ¹	29
Roystone	0
Total carloads generated by the line	
Average carloads per week	42.2
Average carloads per mile	41.8
Average carloads per train	7.3
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	10
Locomotive horsepower	2,500
Train operating crew	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Stackpole Carbon estimated 962 carloads in 1973. In a statement to Penn DOT, Hammermill Paper stated they are expanding their Erie pulp mill to 740 tons

per day in 1974. Hammermill ships from Erie to Lock Haven through Corry, Warren, Ridgway (all under study). Their Erie pulp mill ships an average of 3.7 cars per day a distance of 283 miles over PC lines to Lock Haven and return.

In testimony at Pittsburgh, Roger Yaple, Penntick Paper Co., stated Johnsonburg generated 2,568 carloads in 1973 (145,000 tons) and they are concerned about elimination of north-south trackage (B&O-EL).

Information for Line Retention Decision

Revenue received by PC	\$717,139
Average revenue per carload	\$327

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	627,635
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	321,146

Total variable (avoidable) cost	948,781
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Net contribution (loss): total	(231,651)
Average per carload	(106)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Kane Hardwood is building a new plant and estimates 690 carloads. An evaluation of coal reserves by USRA staff indicates no significant reserves or potential loading points along this line.

Although service to the entire line generates a loss, service to the line from milepost 93.8 to milepost 119.0 (serving shippers at Ridgway, Johnsonburg, Sergeant and Kane who generated 1,900 carloads in 1973) would generate \$640,436 in revenue and \$659,417 in costs with a resulting loss of \$18,981 or \$10 per carload. A 10 percent growth in traffic or a 3 percent rate increase would make this portion of the line financially self-sufficient.

Recommendation

It is recommended that the portion of the Emporium Secondary Track from Milepost 93.8 to Milepost 119.0 be included in the ConRail System.

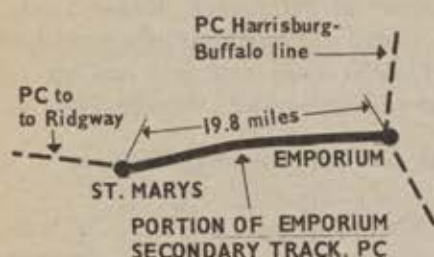
Preliminary Recommendation

It is *not* recommended that the portion of the Emporium Secondary Track from Milepost 93.8 to Milepost 66.5 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$231,651 or \$106 per carload. Recovery of costs would require approximately a 50 percent increase in traffic or a 30 percent rate increase over the 1973 levels.

PORTION OF EMPORIUM SECONDARY TRACK

USRA Line No. 253

Penn Central



This portion of the Emporium Secondary Track, formerly part of the Pennsylvania RR, extends from *St. Mary's* (Milepost 130.0) to *Emporium, Pa.* (Milepost 149.8), a distance of 19.8 miles, in Elk and Cameron Counties, Pa. A continuation of this line extends westward to *Ridgway* from *St. Mary's* (also under study in this Report). At *Emporium*, the line meets the PC Harrisburg-Buffalo line. This line was described as potentially excess in the U.S. DOT Report (see Zone 74).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Howard	58
St. Mary's	3,284
Rolfe	4

Total carloads generated by the line	3,346
Average carloads per week	64.3
Average carloads per mile	169.0
Average carloads per train	11.2

1973 Operating Information:

Number of round trips per year	300
Estimated time per round trip (hours)	10
Locomotive horsepower	5,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided by the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Correspondence from Stackpole Carbon Company states that annual volume for *St. Mary's* exceeds 3,000 carloads.

Information for Line Retention Decision

Revenue received by PC	\$1,508,163
Average revenue per carload	\$451

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	394,971
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Cost of upgrading branch line to FRA

Class I (1/10 of total upgrading cost) 0

Cost incurred beyond the branch line 976,071

Total variable (avoidable) cost 1,371,042

Net contribution (loss): total 137,121

Average per carload 41

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Pennsylvania's Response to the Department of Transportation's Report stated that abandonment of this line would affect the development of a 15-acre industrial site. An evaluation of coal reserves by USRA staff indicates there are no significant reserves or loading points on this line.

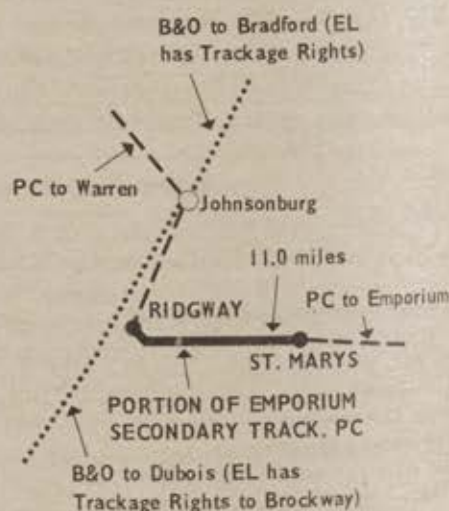
Recommendation

It is recommended that this portion of the Emporium Secondary Track be included in the ConRail System.

PORTION OF EMPORIUM SECONDARY TRACK

USRA Line No. 253a

Penn Central



This portion of the Emporium Secondary Track, formerly part of the Pennsylvania RR, extends from *Ridgway* (Milepost 119.0) to *St. Mary's, Pa.* (Milepost 130.0), a distance of 11.0 miles, in Elk County, Pa. A continuation of this line extends eastward to *Emporium* from *St. Mary's* and northwestward to *Warren* from *Ridgway* (both of which are also under study in this Report). This line also connects with the Baltimore and Ohio RR, over which the Erie Lackawanna Ry. has trackage rights, at *Ridgway*.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers but is used to serve USRA Segments 253 and 252a. The recommendation for these lines is that they be included in the ConRail System.

Recommendation

It is recommended that this portion of the Emporium Secondary Track be included in the ConRail System.

SALAMANCA BRANCH

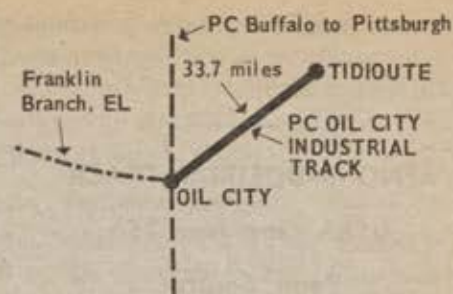
USRA Line No. 254

Penn Central

The Salamanca Branch, formerly part of the Pennsylvania RR, extends from *Oil City* (Milepost 1.9), to *Tidioute, Pa.* (Milepost 35.6), a distance of 33.7 miles, in Venango, Forest and Warren Counties, Pennsylvania. This line is a branch off the Penn Central's old Buffalo to Pittsburgh route via Corry, Titusville and Kiskiminetus Junction. At Oil City this line connects with the Oil City and Titus Secondary Tracks, both of which are also under study in this Report. At Oil City, the line also connects with the Franklin Branch of the Erie Lackawanna Ry. The use of EL Tracks allows access to the PC Reno Industrial Track at Polk Junction. This line was approved for abandonment several years ago (ICC Docket Number 26571) but the ICC subsequently stayed its order. The PC also applied to the USRA for permission to abandon this line (USRA Docket No. 75-48). No final action has been taken on this request. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Tidioute	29
W. Hickory	102
Tionesta	0
Total carloads generated by the line	
Average carloads per week	2.5
Average carloads per mile	3.9
Average carloads per train	2.9
1973 operating information:	
Number of round trips per year	45
Estimated time per round trip (hours)	5.0
Locomotive horsepower	2,000
Train crew size	5



Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." In response to one of the abandonment petitions, USRA received one comment from a shipper on the branch. The Hammermill Paper Co., located at West Hickory, Pa., opposed the abandonment saying that production at their plant was curtailed during 1974 due to fire damage; but that they expect normal shipments to resume in 1975 to the 1972 level of 110 cars a year. West Hickory is 25.6 miles from Oil City. King Lumber Co. in Tidioute is the only other shipper of record.

Information for Line Retention Decision

Revenue received by PC	\$43,171
Average revenue per carload	\$329
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	224,648
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	38,464
Total variable (avoidable) cost	263,112
Net contribution (loss): Total	(219,941)
Average per carload	(1,678)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

An evaluation of coal reserves by USRA and Penn Central staff indicates that there are no significant reserves or potential loading points along this line.

Preliminary Recommendation

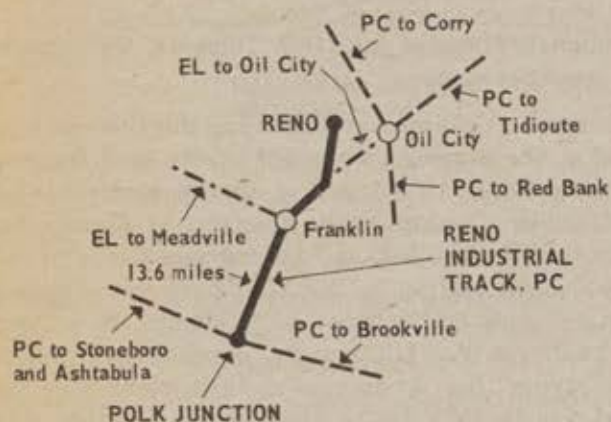
It is not recommended that the Oil City Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$219,941 or \$1,678 per carload.

Recovery of costs would require approximately a 46-fold increase in traffic or a 500 percent rate increase over the 1973 levels.

RENO INDUSTRIAL TRACK

USRA Line No. 256

Penn Central



The Reno Industrial Track, formerly part of the New York Central RR, extends from *Polk Junction* (Milepost 68.3), to *Reno, Pa.* (Milepost 81.9), a distance of 13.6 miles, in Venango County, Pennsylvania. This line extends from the JF&C Branch at Polk Junction to Franklin, where Erie Lackawanna trackage right are used for 1.1 miles and then continues to Reno. The connecting EL line is the Franklin Branch from Oil City to the EL Chicago-Jersey City line at Meadville. The Penn Central has filed a petition to abandon this line, including 1.1 miles of Erie Lackawanna trackage rights; ICC Docket No. AB-5, Sub. 173. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Franklin	719
Polk Junction	0
Reno	181
Total carloads generated by the line	900
Average carloads per week	17.3
Average carloads per mile	72.0
Average carloads per train	9.0
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled

"The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$381,400
Average revenue per carload	\$423

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	124,820
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	36,173
Cost incurred beyond the branch line	193,683

Total variable (avoidable) cost: 354,676

Net contribution (loss): total	26,754
Average per carload	30

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,000 crossties (an average of 240 crossties per mile).

An evaluation of coal reserves by USRA staff indicates no reserves or potential loading points along this line.

That portion of the line from Milepost 77.6 to Milepost 88.9, serving shippers at Reno, generates a loss amounting to \$28,080 or \$155 per car.

Recommendation

It is recommended that the portion of the Reno Industrial Track from Milepost 68.3 to Milepost 77.6 be included in the ConRail system.

Preliminary Recommendation

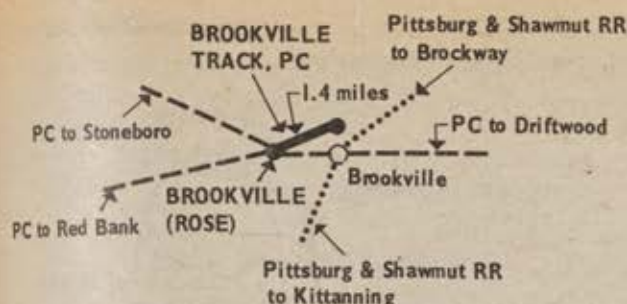
It is not recommended that the portion of the Reno Industrial Track from Milepost 77.6 to Milepost 88.9 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$28,080 or \$155 per carload. Recovery of costs would require approximately a 120 percent increase in traffic or a 40 percent rate increase over the 1973 levels.

BROOKVILLE TRACK

USRA Line No. 257

Penn Central

The Brookville Track, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 1.4, at *Brookville, Pa.* a distance of 1.4 miles, in Jefferson County, Pennsylvania. This line connects with the PC



Low Grade Secondary Track at Brookville and with the Pittsburg & Shawmut RR Brockway-Freeport Junction line at Brookville. A petition for abandonment of this line was filed with the I.C.C. (Finance Docket Number 26569-Sub. 4), but the order was stayed due to protests. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Brookville ¹	42
Total carloads generated by the line	42
Average carloads per week	0.8
Average carloads per mile	30
Average carloads per train	1.7
1973 operating information:	
Number of round trips per year	25
Estimated time per round trip (hours)	1.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$14,017
Average revenue per carload	\$333
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	13,958
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	9,166
Cost incurred beyond the branch line	9,210
Total variable (avoidable) cost	32,334
Net contribution (loss): total	(18,317)
Average per carload	(436)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include

the replacement of a total of 1,200 cross-ties (an average of 857 cross-ties per mile).

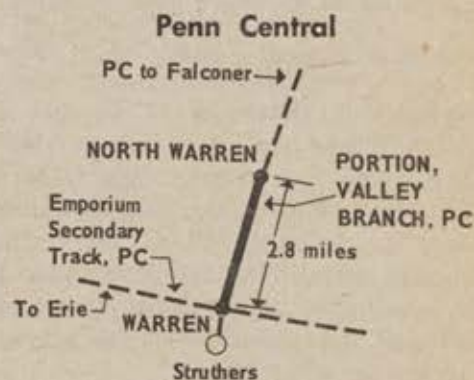
An evaluation of coal reserves by USRA staff indicates there are no significant coal reserves or potential loading points along this line.

Preliminary Recommendation

It is *not* recommended that the Brookville Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$18,317 or \$436 per carload. Recovery of costs would require approximately a four-fold increase in traffic or a 130 percent rate increase over the 1973 levels.

PORTION OF VALLEY BRANCH

USRA Line No. 260a



This portion of the Valley Branch, formerly part of the New York Central RR, extends from N. Warren (Milepost 51.3) to Warren, Pa. (Milepost 54.1), a distance of 2.8 miles, in Warren County, Pa. A continuation of this line extends northward from North Warren (also under study in this Report). At Warren, this line connects with the Emporium Secondary Track, PC, extending northwest to Corry and southeast to Ridgway, with the Struthers Running Track, PC, (all of which are also under study in this Report). This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

North Warren	125
Warren ¹	20
Total carloads generated by the line	145
Average carloads per week	2.8
Average carloads per mile	51.8
Average carloads per train	2.9

1973 Operating information:

Number of round trips per year	50
Estimated time per round trip	2
Locomotive horsepower	1,500
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Ernest C. Miller, West Penn Oil Co., writes that their 14-car railroad siding was in constant use and in 1973 over 50 percent of their product arrives in 20,000- to 24,000-gallon tank cars. He stated they shipped 160 cars in 1973.

Information for Line Retention Decision

Revenue received by PC	\$60,764
Average revenue per carload	\$419
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	28,161
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	17,868
Cost incurred beyond the branch line	41,088
Total variable (avoidable) cost	87,117
Net contribution (loss): total	(26,353)
Average per carload	(182)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,400 crossties (an average of 500 crossties per mile).

Preliminary Recommendation

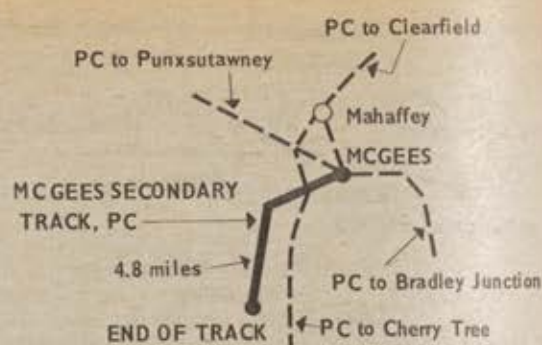
It is *not* recommended that this portion of the Valley Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$26,353 or \$182 per carload. Recovery of costs would require approximately a 135 percent increase in traffic or a 40 percent rate increase over the 1973 levels.

McGEES SECONDARY TRACK

USRA Line No. 295

Penn Central

The McGees Secondary Track, formerly part of the Pennsylvania RR, extends from near McGees (Milepost 44.0) to end of track (Milepost 48.8), a distance of 4.8 miles, in Clearfield and Indiana Counties, Pa. This line connects with the Cresson Secondary Track and the Cherry Tree Branch at McGees. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:
McGees

Total carloads generated by the line	4
Average carloads per week	0.1
Average carloads per mile	0.8
Average carloads per train	0.5
1973 operating information:	
Number of round trips per year	8
Estimated time per round trip (hours)	1.5
Locomotive horsepower	4,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report"

Information for Line Retention Decision

Revenue received by PC	\$1,980
Average revenue per carload	\$467
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	31,562
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	11,820
Cost incurred beyond the branch line	891
Total variable (avoidable) cost	44,273
Net contribution (loss): total	(42,404)
Average per carload	(10,601)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 3,000 crossties (an average of 625 crossties per mile). An evaluation of coal reserves by USRA and PC staff indicates there are substantial proven coal reserves adjacent to this line. The line should be held for future coal prospects.

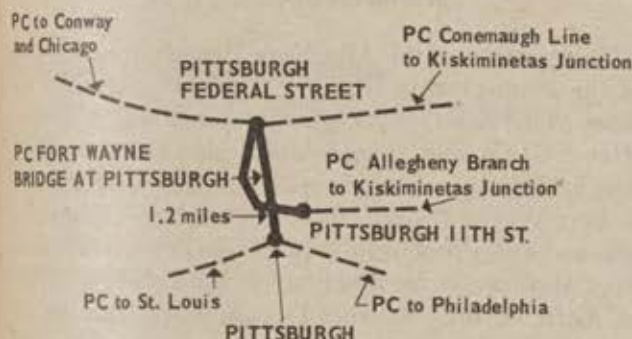
Recommendation

It is recommended that the McGees Secondary Track be included in the ConRail System for service to future coal traffic.

FORT WAYNE BRIDGE

USRA Line No. 312

Penn Central



The Fort Wayne Bridge, formerly part of the Pennsylvania RR, at Pittsburgh extends a distance of 1.2 miles, in Allegheny County, Pennsylvania. This bridge connects with the following PC lines at Pittsburgh: the Conemaugh line to Kiski Junction; the Allegheny Branch; the Pittsburgh to Philadelphia line, and the Pittsburgh to Chicago line. A portion of the Allegheny Branch is also under study in this report as potentially excess. An application to abandon this line was approved by the ICC on June 28, 1968. This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

USRA staff have discussed with the Port Authority of Allegheny County, the proposed Urban Renewal Projects affecting this line.

Information for Line Retention Decision

This line is used as a route for connecting segments 314 and 315. Both of those links are not necessary for ConRail. An abandonment was previously approved as part of a local renewal project. No local shippers are dependent upon this line.

Preliminary Recommendation

It is *not* recommended that the Fort Wayne Bridge at Pittsburgh be included in the ConRail System.

PORTION OF PITTSBURGH-CHICAGO MAIN LINE

USRA Line No. 313

Penn Central



This portion of the Pittsburgh-Chicago Line, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 0.2, at Pittsburgh, Pa., a distance of 0.2 miles, in Allegheny County, Pa. A continuation of this line extends westward to Chicago. This line connects with the PC line to St. Louis at Pittsburgh, also under study in this Report. This line also connects with the B&O Main Line New York-Chicago and the B&O to St. Louis, at Pittsburgh. A petition for abandonment of this line was filed with the ICC (Docket Number AB5-Sub. 2). This petition is still pending final decision. This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the State of Pennsylvania and the Port Authority of Allegheny County have UMTA approval to use this segment as part of the area's new rapid transit system. PC staff reports that this line is now used only for passenger service by Amtrak.

USRA staff has confirmed this testimony through meetings and correspondence with the Port Authority of Allegheny County.

Information for Line Retention Decision

This segment of right-of-way has been sold to the State of Pennsylvania for use in constructing a rapid transit system.

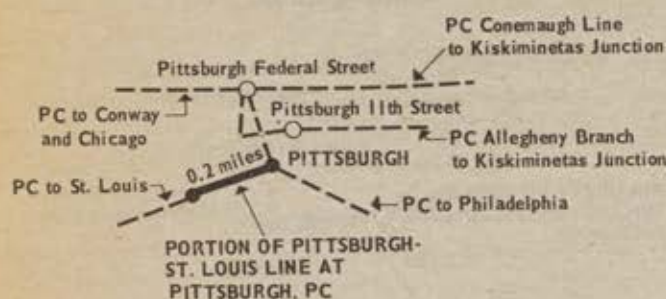
Preliminary Recommendation

It is *not* recommended that this portion of the Pittsburgh to Chicago line be included in the ConRail System.

PORTION OF PITTSBURGH-ST. LOUIS LINE

USRA Line No. 314

Penn Central



This portion of the Pittsburgh-St. Louis Line, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 0.2 at *Pittsburgh Pennsylvania*, a distance of 0.2 miles, in Allegheny County, Pa. A continuation of this line extends westward to St. Louis from Pittsburgh. This line connects with the B&O lines from New York-Chicago and St. Louis. This line also connects with the PC line to Chicago, also under study in this Report. A petition for the abandonment of this line was filed with the ICC (Docket Number AB-5, Sub. 3). This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the State of Pennsylvania and the Port of Authority of Allegheny County have UMTA approval to use this segment as part of the area's new rapid transit system. This line is presently used only for Amtrak service. USRA Staff has confirmed this testimony through meetings and correspondence with the Port of Authority of Allegheny Counties. No shippers are dependent upon this line for freight service.

Information for Line Retention Decision

This segment of right-of-way has been sold to the State of Pennsylvania for use in constructing a highway.

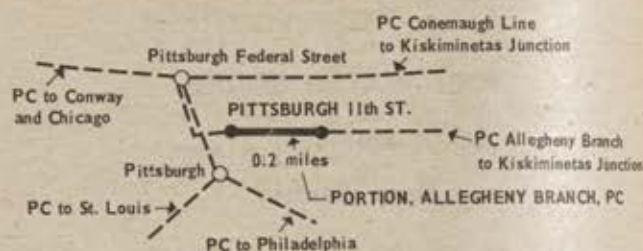
Recommendation

It is *not* recommended that this portion of the Pittsburgh to St. Louis line be included in the ConRail System.

ALLEGHENY BRANCH

USRA Line No. 315

Penn Central



This portion of the Allegheny Branch, formerly part of the Pennsylvania RR, at *Pittsburgh*, extends a distance of 0.2 miles, in Allegheny County, Pa. A continuation of this line extends northeastward from Pittsburgh. This line connects with the following PC lines at Fort Wayne Bridge: the Pittsburgh to Philadelphia line and the Pittsburgh to Chicago line. An abandonment application for this line was approved by the ICC on April 18, 1972, Finance Docket 26942. This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

USRA staff have discussed with the Port Authority of Allegheny County, the proposed Urban Renewal projects affecting this line.

Information for Line Retention Decision

This line is already authorized for abandonment as part of a local Urban Renewal project. No local shippers are directly served by this line.

Preliminary Recommendation

It is *not* recommended that this 0.2-mile portion of the Allegheny Branch be included in the ConRail System.

PORTION OF THE INDIANA SECONDARY TRACK

USRA Line No. 326

Penn Central

This portion of the Indiana Secondary Track, formerly part of the Pennsylvania RR, extends from *Black Lick Junction* (Milepost 8.5) to *Indiana, Pa.* (Milepost 17.3), a distance of 8.8 miles, in Indiana County, Pennsylvania. This line connects with the Baltimore & Ohio to Creekside at Indiana, and PC's Black Lick Secondary at Black Lick Junction. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Gracetown	0
Homer City	18
Indiana, Pa.	287

Total carloads generated by the line	305
Average carloads per week	5.9
Average carloads per mile	34.7
Average carloads per train	7.6
1973 operating information:	
Number of round trips per year	40
Estimated time per round trip (hours)	3.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." PC staff reports the Blairsville & Indiana Railroad is leasing this line (agreement signed 5/7/74). Awaiting ICC approval of operating authority.

Information for Line Retention Decision

Revenue received by PC	\$123,045
Average revenue per carload	\$403
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	73,993
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	23,184
Cost incurred beyond the branch line	67,258
Total variable (avoidable) cost	164,435
Net contribution (loss): total	(41,390)
Average per carload	(136)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include

the replacement of a total of 3,564 crossties (an average of 405 crossties per mile). An evaluation of coal reserves by USRA staff indicates there are no significant reserves or potential loading points on this line. Reserves in adjacent areas can be served from adjacent line (No. 327 Homer City-Terminus).

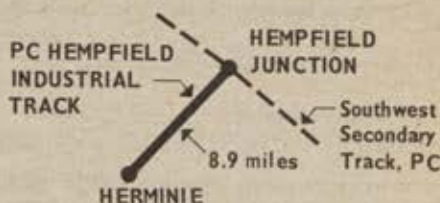
Preliminary Recommendation

It is *not* recommended that this portion of the Indiana Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$41,390 or \$136 per carload. Recovery of costs would require approximately a 75 percent increase in traffic or a 34 percent rate increase over the 1973 levels.

HEMPFIELD INDUSTRIAL TRACK

USRA Line No. 331

Penn Central



The Hempfield Industrial Track, formerly part of the Pennsylvania RR, extends from *Hempfield Junction* (Milepost 0.0), to *Herminie, Pa.* (Milepost 8.9), a distance of 8.9 miles, in Westmoreland County, Pennsylvania. This line connects at Hempfield Junction with the Southwest Secondary Track of the PC. This line was described as potentially excess in the U.S. DOT Report (see Zone 76)

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Eisaman	74
Madison	18
Herminie	104
Hempfield Br	0
Sinclair	0
Cribb	0

Total carloads generated by the line	196
Average carloads per week	3.8
Average carloads per mile	22.0
Average carloads per train	3.9
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Shuster's Building Components and Wickes Corp. generated 122 and 78 carloads, respectively, in 1973. Both of these companies would be forced to shut down. The Pennsylvania DOT reported an annual average of 31 carloads per mile on this line. Pennsylvania DOT estimated unemployment would be 165. Also affected would be the development of 5 industrial sites. One of these, the Hempfield Industrial Park, serves industries that provide 1,200 jobs and has space for future industrial expansion.

Information for Line Retention Decision

Revenue received by PC	\$60,612
Average revenue per carload	\$309
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	70,874
Cost of upgrading branch line to FRA class	
I: (1/10 of total upgrading cost)	17,568
Cost incurred beyond the branch line	48,578
Total variable (avoidable) cost	137,020
Net contribution (loss): total	(76,408)
Average per carload	(390)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,484 crossties (an average of 391 crossties per mile).

Available information indicates that this line may have some traffic growth potential although no specific data has been provided. An evaluation of the coal reserves by USRA and Penn Central staff indicates that there are no significant reserves or potential loading points along this line. Coal reserves in adjacent areas can be served by other rail lines.

Preliminary Recommendation

Although the preliminary recommendation is that the Hempfield Industrial Track not be included in the Con-Rail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$76,408 or \$390 per carload. Recovery of costs would require approximately a

six-fold increase in traffic or a 125 percent rate increase over the 1973 levels.

PORTION OF COAL LICK RUN

USRA Line No. 335

Penn Central



This portion of the Coal Lick Run, formerly part of the Pennsylvania RR, extends from Milepost 0.0 to Milepost 1.9 at Uniontown, Pa., a distance of 1.9 miles, in Fayette County, Pennsylvania. This segment connects with the PC line to Brownsville Junction and the PC line to Connellsville at Uniontown; both of which are under study in this Report. This line also connects with the B&O line to Dickerson Run and the Western Maryland to Greene Junction. A petition was filed with the ICC for abandonment of this line (Docket No. AB-5 Sub. 70), but it was withdrawn. This line was not shown as excess in the U.S. DOT Report (see Zone 77).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Uniontown ¹	88
Total carloads generated by the line	88
Average carloads per week	1.7
Average carloads per mile	45.3
Average carloads per train	1.7
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	1
Locomotive horsepower	3,000
Train crew size	5

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$36,925
Average revenue per carload	\$429
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	17,340
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	5,118
Cost incurred beyond the branch line	21,986
Total variable (avoidable) cost	44,444
Net Contribution (loss): total	(7,519)
Average per carload	(87)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 360 crossties (an average of 189 crossties per mile).

An evaluation of coal reserves by USRA staff indicates there are no significant coal reserves or potential loading points on this line.

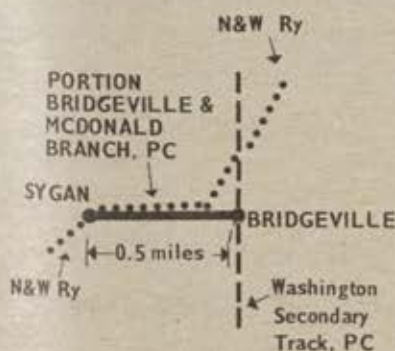
Preliminary Recommendation

It is *not* recommended that this portion of the Coal Lick Run Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$7,519 or \$87 per carload. Recovery of costs would require approximately a 50 per cent increase in traffic or a 20 per cent rate increase over the 1973 levels.

PORTION OF BRIDGEVILLE & McDONALD BRANCH

USRA Line No. 344

Penn Central



This portion of the Bridgeville & McDonald Branch, formerly part of the Pennsylvania RR, extends from Bridgeville (Milepost 0.9), to Sygan, Pa. (Milepost 1.4), a distance of 0.5 miles, in Allegheny County, Pennsylvania. At Bridgeville, this line connects with

the Washington Secondary Track, PC. Both Sygan and Bridgeville are also served by the Norfolk & Western Ry. This line was not shown in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Bridgeville ¹	7
Total carloads generated by the line	7
Average carloads per train	1.5
Average carloads per mile	14.0
Average carloads per train	0.5
1973 operating information:	
Number of round trips per year	14
Estimated time per round trip (hours)	0.5
Locomotive horsepower	2,000
Train crew size	5

¹ Includes only shippers on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." The Pennsylvania Southwest Association recommended this portion of the line be abandoned; provided traffic could be transferred to the Chessie.

Information for Line Retention Decision

Revenue received by PC	\$1,823
Average revenue per carload	\$260
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	5,490
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	1,239
Cost incurred beyond the branch line	1,130
Total variable (avoidable) cost	7,859
Net contribution (loss): total	(6,036)
Average per carload	(862)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 201 crossties (an average of 402 crossties per mile).

Preliminary Recommendation

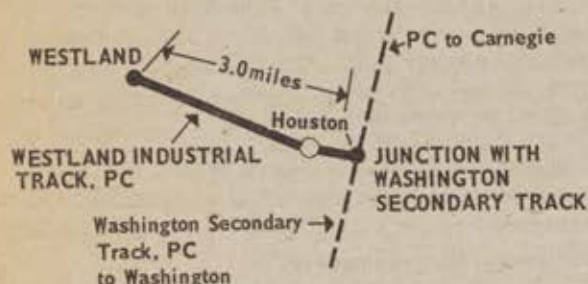
It is *not* recommended that this portion of the Bridgeville & McDonald Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$6,036 or \$862 per carload. Recovery of costs would require ap-

proximately a 9-fold increase in traffic or a 330 percent rate increase over the 1973 levels.

WESTLAND INDUSTRIAL TRACK

USRA Line No. 345a

Penn Central



The Westland Industrial Track, formerly part of the Pennsylvania RR, extends from the *Junction with Washington Secondary Track* (Milepost 0.0), to *Westland, Pa.*, (Milepost 3.0), a distance of 3.0 miles, in Washington County, Pa. This line is a branch off the PC Washington Secondary Track, formerly known as the Charters Branch. The Washington Secondary Track is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Available information indicates that there are no shippers served by this line.

Preliminary Recommendation

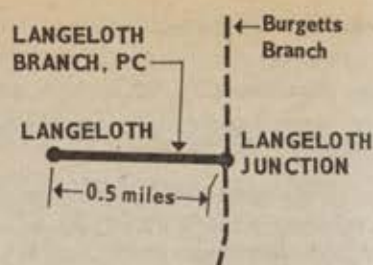
It is *not* recommended that the Westland Industrial Track be included in the ConRail System.

LANGELOTH BRANCH

USRA Line No. 348b

Penn Central

The Langeloth Branch, formerly part of the Pennsylvania RR, extends from *Langeloth Junction* (Milepost 0.0) to *Langeloth, Pa.*, (Milepost 0.5), a distance of 0.5 miles, in Washington County, Pa. At Langeloth Junction this line connects with the Burgetts Branch, PC, also under study in this Report. This line was de-



scribed as potentially excess in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Burgettstown ¹	498
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Total carloads generated by the line	498
Average carloads per week	9.6
Average carloads per mile	996.0
Average carloads per train	2.5

1973 operating information:

Number of round trips per year	200
Estimated time per round trip (hours)	1.0
Locomotive horsepower	1,500
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that two patrons are on this line. American Metal Climax (AMAX) Company is the world's largest molybdenum processing plant and received molybdenum from Colorado in 100-ton hopper cars. They generated 504 carloads in 1973. Mr. John Ollweiler, (Asst. Gen. Mg. AMAX), wrote to RSPO that his plant employed 229 full-time people, and replacement cost of plant property and equipment is \$19,000,000. He states they plan to invest well over half again that much in modernization and expansion over the next 3 years. According to Penn's response the Bologna Mining Co. expects to ship 20,000 tons per month. This Company has leased the line beyond Milepost 0.5 and are rehabilitating same.

Information for Line Retention Decision

Revenue received by PC	\$426,588
Average revenue per carload	\$857

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	25,098
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	1,670
Cost incurred beyond the branch line	124,231
Total variable (avoidable) cost	150,999
Net contribution (loss): total	275,589
Average per carload	553

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 1000 crossties per mile). An evaluation of coal reserves by USRA staff confirms an active loading facility upon which traffic may increase.

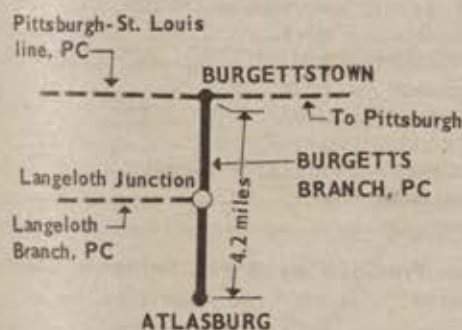
Recommendation

It is recommended that the Langeloth Branch be included in the ConRail System.

BURGETTS BRANCH

USRA Line No. 348c

Penn Central



The Burgetts Branch, formerly part of the Pennsylvania RR extends from *Burgettstown* (Milepost 0.0) to *Atlasburg, Pa.* (Milepost 4.2), a distance of 4.2 miles, in Washington County, Pennsylvania. This line connects with the Pittsburgh-St. Louis line, PC, at Burgettstown and with the Langeloth Branch at Langeloth Junction (also under study in this Report). This line was described as potentially excess in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Atlasburg	150
Burgettstown ¹	7
Total carloads generated by the line	157
Average carloads per week	3.0
Average carloads per mile	37.4
Average carloads per train	3.0
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	5
¹ Includes only traffic on segment.	

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Z and L Lumber generated 164 carloads in 1972, and if service terminated, 290 people would lose their jobs. The Pennsylvania Public Utilities Commission stated that Burgettstown generated 760 carloads at the main line junction, and Atlasburg generated 105 carloads. By combining the main line traffic with Atlasburg's traffic, the PUC derived a 201 carloads-per-mile traffic index for the branch.

Information for Line Retention Decision

Revenue received by PC	\$47,816
Average revenue per carload	\$304
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	39,134
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	9,150
Cost incurred beyond the branch line	37,187
Total variable (avoidable) cost	85,471
Net contribution (loss): total	(37,655)
Average per carload	(239)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,200 crossties (an average of 285 crossties per mile). An evaluation of coal reserves by USRA and Penn Central staff indicates there may be reserves adjacent to this line. Bologna Mining Co. is located at Langeloth on the Langeloth Branch which connects to this branch.

Although this line generates a loss, it is required to serve USRA segment 348b which generated a net contribution amounting to \$275,589.

Preliminary Recommendation

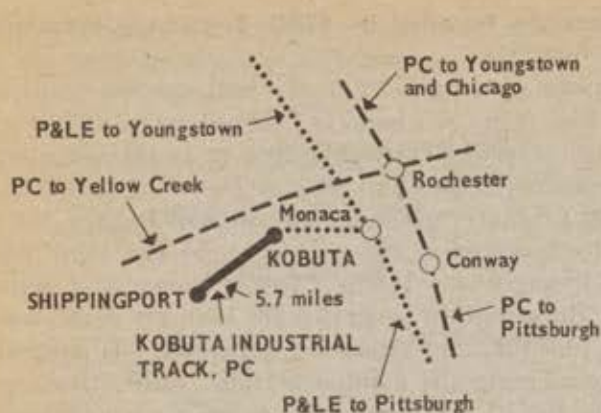
It is recommended that the Burgetts Branch be included in the ConRail System.

KOBUTA INDUSTRIAL TRACK

USRA Line No. 352

Penn Central

The Kobuta Industrial Track, formerly part of the Pennsylvania RR, extends from *Shippingport* (Milepost 28.7), to *Kobuta, Pa.* (Milepost 34.4), a distance of 5.7 miles, in Beaver County, Pennsylvania. This line



was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Information Provided by RSPO, Shippers, Government Agencies

Information provided by the Pennsylvania PUC at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report stressed the need for this line because of the valuable coal reserves in the area, and the line serves a nuclear power plant, one under construction, one planned for development, and three coal fired utility plants. All are operated by the Duquesne Power and Light Co.

Information for Line Retention Decision

The PC does not serve this line. The Duquesne Light Co. has leased 4.75 miles of this line and rail service is being provided by the P&LE via its own lines and trackage rights over 0.95 miles of the PC. Service can be continued under the current arrangement or by the assumption of less than one mile of track by the Duquesne Light Co. or by the P&LE. An evaluation of coal reserves by USRA staff indicated that there are no significant reserves adjacent to this line.

Preliminary Recommendation

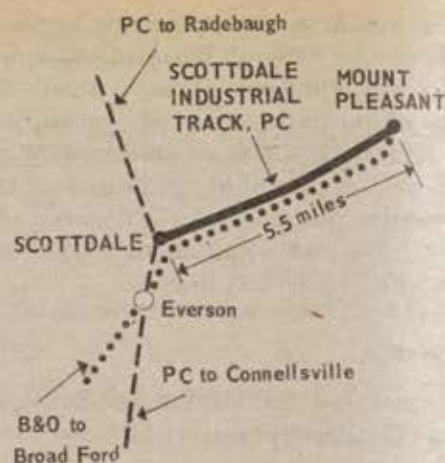
It is *not* recommended that the Kobuta Industrial Track be included in the ConRail System.

SCOTSDALE INDUSTRIAL TRACK

USRA Line No. 355

Penn Central

The Scottdale Industrial Track, formerly part of the Pennsylvania RR, extends from *Scottdale* (Milepost 0.0), to *Mount Pleasant, Pa.* (Milepost 5.5), a distance of 5.5 miles, in Westmoreland County, Pennsylvania. At Scottdale, this line connects with the South-



west Secondary Track, PC. The Baltimore & Ohio Railroad also serves Scottdale and Mount Pleasant. This line was not shown in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mount Pleasant	198
Total carloads generated by the line	198
Average carloads per week	3.7
Average carloads per mile	35.1
Average carloads per train	2.6
1973 operating information:	
Number of round trips per year	75
Estimated time per round trip (hours)	2.5
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Pittsburgh Screw and Bolt Co. (Modulx Corp.) projects 250 to 300 carloads annually. Pennsylvania DOT reported that this line generates 36 carloads per mile.

Information for Line Retention Decision

Revenue received by PC	\$84,921
Average revenue per carload	\$336
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	55,357
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	10,463
Cost incurred beyond the branch line	37,662
Total variable (avoidable) cost	103,482
Net contribution (loss): total	(38,561)
Average per carload	(199)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on

available information, this upgrading would include the replacement of a total of 2,227 crossties (an average of 405 crossties per mile).

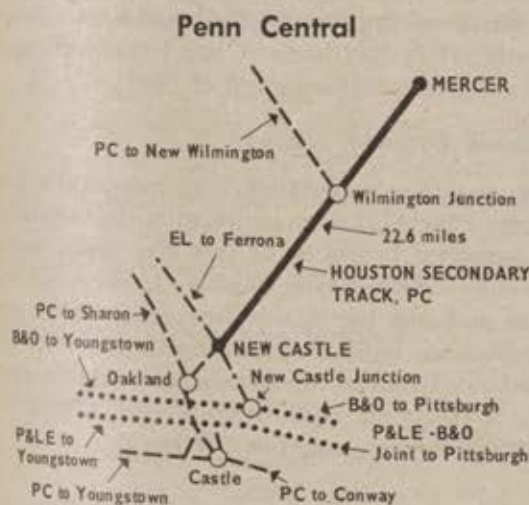
An evaluation of coal reserves by USRA and Penn Central staff indicates there is one active coal loading facility on this line (Senter Fuel) and that traffic may increase.

Preliminary Recommendation

Although the preliminary recommendation is that the Scottdale Industrial Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$38,561 or \$199 per carload. Recovery of costs would require approximately a 140 percent increase in traffic or a 60 percent rate increase over the 1973 levels.

HOUSTON SECONDARY TRACK

USRA Line No. 356



The Houston Secondary Track, formerly part of the Pennsylvania RR, extends from New Castle (Milepost 49.9) to Mercer, Pa. (Milepost 72.5), a distance of 22.6 miles, in Lawrence and Mercer Counties, Pennsylvania. The Wilmington Branch, PC, connects with this line at Wilmington Junction (also under study in this report). The following lines also serve New Castle: P.C. Erie and Pittsburgh Branch, Erie Lackawanna Railway New Castle Branch; Pittsburgh & Lake Erie Railroad, and the Baltimore & Ohio Railroad. Petition for permission to abandon was filed before the I.C.C. on June 26, 1972, (Docket No. AB-5, Sub. 47). On September 25, 1974, the PC applied to the U.S. Railway Association for the same permission (USRA Docket No. 75-

27). No action has been taken on either application. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Mercer	224
Volant	0
Houston Jct.	0
Total carloads generated by the line	
Average carloads per week	4.3
Average carloads per mile	9.9
Average carloads per train	4.3
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that I.T.T. Reznor at Mercer accounts for 25% of the area's wage tax revenues. Loss of rail service would cost 90-100 jobs at the Reznor Plant. Correspondence from the Lawrence County Planning Commission indicates actual carloads originating and terminating on this line and its connections at Wilmington Junction totaled 263 cars in 1973.

Information for Line Retention Decision

Revenue received by PC	\$89,106
Average revenue per carload	\$309
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	176,479
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	26,115
Cost incurred beyond the branch line	52,017
Total variable (avoidable) cost	254,611
Net contribution (loss): total	(185,505)
Average per carload	(828)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,200 crossties (an average of 141 crossties per mile).

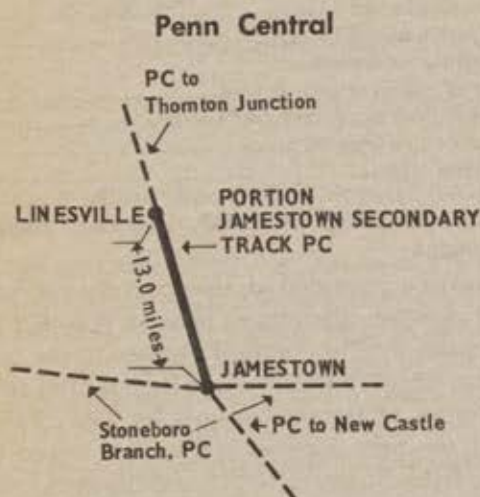
Preliminary Recommendation

It is not recommended that the Houston Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost

levels, this line generates an annual excess financial burden amounting to \$185,505 or \$828 per carload. Recovery of costs would require approximately an eleven-fold increase in traffic or a 270 percent rate increase over the 1973 levels.

PORTION OF THE JAMESTOWN SECONDARY TRACK

USRA Line No. 360



This portion of the Jamestown Secondary Track, formerly part of the Pennsylvania RR, extends from Jamestown (Milepost 90.6) to Linesville, Pa. (Milepost 103.6), a distance of 13.0 miles, in Mercer and Crawford Counties, Pennsylvania. A continuation of this line extends northward from Linesville, which is also under study in this report. The Stoneboro Branch and the Erie & Pittsburgh Branch, connect with this line at Jamestown, Pa.; the Erie & Pittsburgh Branch is also under study in this Report. Petition for permission to abandon was filed with the ICC on August 13, 1972, Docket No. AB-5 (Sub No. 22). On September 25, 1974, the PC petitioned the U.S. Railway Association for the same permission (Docket 75-44). No action has been taken on either application. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Westford	33
Linesville	4
Espyville	0
Total carloads generated by the line	37
Average carloads per week	0.7
Average carloads per mile	2.8
Average carloads per train	0.8
1973 operating information:	
Number of round trips per year	45
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,700
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No information was provided in the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report". Direct correspondence indicates that Rockwell International is contemplating a plant expansion at Linesville. Also, the Pymatuning Southern Railroad has expressed an interest in purchasing this line and operating it as a short-line railroad.

Information for Line Retention Decision

Revenue received by PC	\$10,216
Average revenue per carload	\$276
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	94,913
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	7,709
Total variable (avoidable) cost	102,622
Net contribution (loss): total	(92,406)
Average per carload	(2,497)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

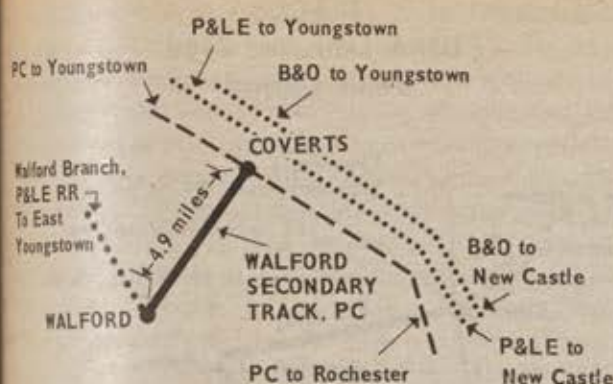
It is *not* recommended that this portion of the Jamestown Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$92,406 or \$2,497 per carload. Recovery of costs would require approximately a thirty-six fold increase in traffic or a 900 percent rate increase over the 1973 levels.

WALFORD SECONDARY TRACK

USRA Line No. 361

Penn Central

The Walford Secondary Track, formerly part of the Pennsylvania RR, extends from Coverts (Milepost 0.0), to Walford, Pa. (Milepost 4.9), a distance of 4.9 miles, in Lawrence County, Pennsylvania. The E & A Branch, PC, to Youngstown and Rochester, connects with this branch at Coverts. The Walford Branch, Pittsburgh & Lake Erie Railroad, connects with this line at Walford. This line was not studied in the U.S. DOT Report (see Zone 75).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Walford	2,497
Total carloads generated by the line	2,497
Average carloads per week	48.0
Average carloads per mile	542.8
Average carloads per train	10.0
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,750
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report". The Lawrence County Planning Commission estimated 2267 carloads were generated on this line in 1973.

Information for Line Retention Decision

Revenue received by PC	\$704,262
Average revenue per carload	\$282
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	213,460
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	11,276
Cost incurred beyond the branch line	382,708
Total variable (avoidable) cost	607,444
Net contribution (loss): total	96,818
Average per carload	38

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,000 crossties (an average of 408 crossties per mile).

Recommendation

It is recommended that if the P&LE Railroad will not serve Walford, the Walford Secondary Track be included in the ConRail System. Transfer to the P&LE is preferable to avoid rehabilitation work and would not materially impair the profitability of ConRail or other carriers, in the Region.

ERIE SECONDARY TRACK

USRA Line No. 646

Penn Central

The Erie Secondary Track, formerly part of the Pennsylvania RR, extends from Erie (Milepost 2.9) to Corry, Pa. (Milepost 37.0), a distance of 34.1 miles, in Erie County, Pa. This line connects at Corry with the Emporium Secondary Track, PC (also under study in this Report). At Corry, this line also connects with the Chicago-Jersey City line, EL; and the Titus and Chautauqua Secondary Tracks, PC (both also under study in this Report). At Erie, this line connects with the Buffalo-Chicago Main Line, N&W, the Bessemer & Lake Erie RR, which operates from Wallace Junction via trackage rights over the N&W Ry. and the Buffalo-Chicago Line, PC. This line, except for the portion between Union City and Corry, was described as potentially excess in the U.S. DOT Report (see Zone 51).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Union City	715
Waterford	67
Belle Valley	4
Corry ¹	227
Erie ¹	734

Total carloads generated by the line	1,747
Average carloads per week	33.6
Average carloads per mile	51.2
Average carloads per train	5.8

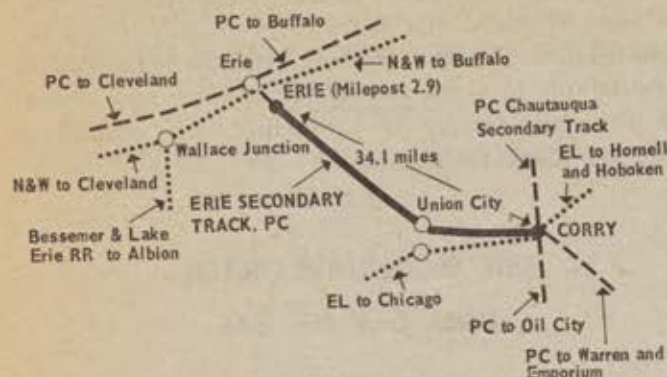
1973 Operating Information:

Number of round trips per year	300
Estimated time per round trip (hours)	10.5
Locomotive horsepower	3,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that



according to Pennsylvania DOT, this is part of the only diagonal route across the State's coal reserves that serves both Erie and Philadelphia. Pennsylvania DOT estimated this line segment from Erie to Union City generates 1,383 carloads per year and that the average carloads per route-mile is 58. Union City Chair Company completed a \$250,000 plant investment in 1973 and anticipated investing another \$100,000 in 1974. The Erie-Crawford Dairy Coop. recently built a \$340,000 mill.

In a statement to Pennsylvania DOT, Hammermill Paper stated that they are expanding their Erie pulp mill to 740 tons per day in 1974. Hammermill ships from Erie to Lock Haven (a distance of 283 miles) through Corry, Warren and Ridgway.

Information for Line Retention Decision

Revenue received by PC.....	\$907, 803
Average revenue per carload.....	\$520
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	513, 343
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	410, 335
Total variable (avoidable) cost.....	923, 678
Net contribution (loss): total.....	(15, 875)
Average per carload.....	(9)

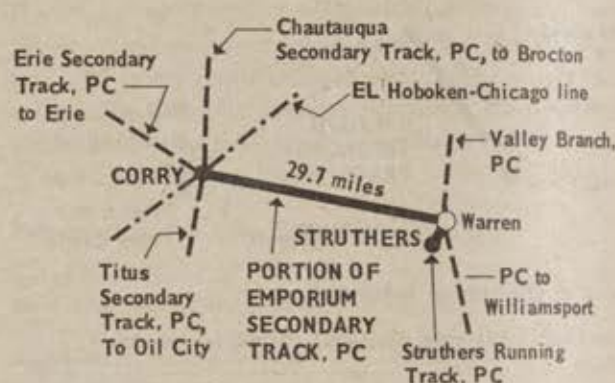
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Although this line produced a small loss in 1973, the near-term traffic potential likely will enable financial self-sufficiency.

Recommendation

It is recommended that the Erie Secondary Track be included in the ConRail System.

PORTION OF THE EMPORIUM SECONDARY TRACK

USRA Line No. 646a
Penn Central



This portion of the Emporium Secondary Track, formerly part of the Pennsylvania RR, extends from Corry (Milepost 37.0) to Warren, Pa. (Milepost 66.7), a distance of 29.7 miles, in Erie and Warren Counties, Pa. A continuation of this line extends southward from Warren to Ridgway. Connections include the Erie Secondary Track from Corry to Erie, the Titus Secondary Track from Corry to Oil City, the Chautauqua Secondary Track from Corry to Brockton, N.Y., the Valley Branch from Warren to Falconer, all PC. All of these connecting lines are under study in this report. The Erie Lackawanna's Jersey City-Chicago line also crosses at Corry. This line was not studied in the U.S. DOT Report (see Zones 51 and 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Warren ¹	276
Struthers ¹	3, 155
Star Brick.....	68
Irvineton.....	0
Youngsville.....	10
Colza.....	4
Corry ¹	2, 212
Total carloads generated by the line.....	5, 755
Average carloads per week.....	110.7
Average carloads per mile.....	201.9
Average carloads per train.....	20.9
1973 operating information:	
Number of round trips per year.....	275
Estimated time per round trip (hours).....	10.5
Locomotive horsepower.....	2, 000
Train crew size.....	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Struthers Wells Corps., which manufactures highly specialized equipment, is under contract with the Dept. of Defense and the Atomic Energy Comm., and stated there is no feasible alternative to rail transportation for 80% of its shipments. In a statement to Penn. DOT, Hammermill Paper stated they are expanding their Erie pulp mill to 740 tons per day in 1974. Large quantities of pulpwood and woodchips are shipped by rail from Lock Haven and other eastern points to Erie. In 1974 they expect to ship 1,524 cars (each loaded with 80 tons) to Erie over the PC track sections which have been termed potentially excess.

PC staff indicate Warren Car Co. is a railway equipment repair company and that rail equipment is dead-headed in and out for repair.

A statement by Perry A. Davidson, United Refining Co. to Penn. DOT, indicated this company is the only independent refiner-marketer of petroleum products in the Eastern United States. Completion of new facilities at their refinery, Warren, Pa., in May 1974, increased the capacity to approx. 42,000 barrels per day. He stated this increase must be distributed to their numerous marketing areas. In 1973, United shipped from Warren, 458 jumbo-size tank cars (30,000 gal. capacity). He urges continuation of rail service from Erie through Corry, Warren and Williamsport, Pa. John P. Wendell of United Refining stated that there is no alternative to rail movements for the quantity of petroleum products shipped by rail from Warren.

Information for Line Retention Decision

Revenue received by PC	\$1,510,411
Average revenue per carload	\$262
Variable (avoidable) cost of continued Service:	
Cost incurred on the branch line	454,779
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	944,924
Total variable (avoidable) cost	1,399,703
Net contribution (loss): total	110,708
Average per carload	19

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

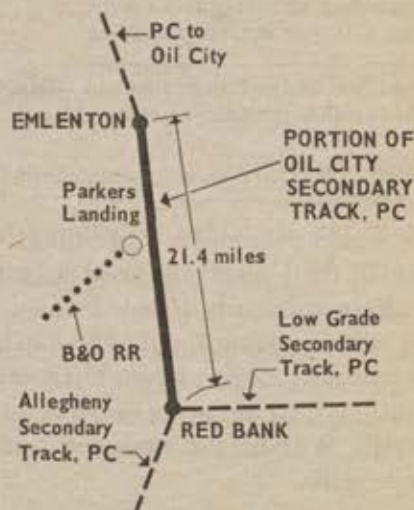
Recommendation

It is recommended that this portion of the Emporium Secondary Track be included in the ConRail System.

PORTION OF THE OIL CITY SECONDARY TRACK

USRA Line No. 647

Penn Central



This portion of the Oil City Secondary Track, formerly part of the Pennsylvania RR, extends from Red Bank (Milepost 63.5) to Emlenton, Pa. (Milepost 90.3) a distance of 21.4 miles, in Venango and Clarion Counties, Pennsylvania. This line connects with the Allegheny Secondary Track also under study in this Report, and the PC Low Grade Secondary Track, at Red Bank. Parkers Landing is also served by the Baltimore & Ohio RR (opposite side of the Allegheny River). At Emlenton this line continues on to Oil City which sector is also under study in this Report. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

E. Brady	321
Parkers Landing	1
Foxburg	35
Emlenton	2,274

Total carloads generated by the Line	2,631
Average carloads per week	50.6
Average carloads per mile	122.9
Average carloads per train	10.5
1973 operating information:	
Number of round trips per year	250
Estimate time per round trip (hours)	11.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$784,249
Average revenue per carload	\$298
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	329,445
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	524,284
Total variable (avoidable) cost	853,729
Net contribution (loss): total	(69,480)
Average per carload	(26)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

This line currently is served from the south. The proposed operating plan proposes services to Emlenton from the north. Without the Emlenton traffic this line is a deficit operation.

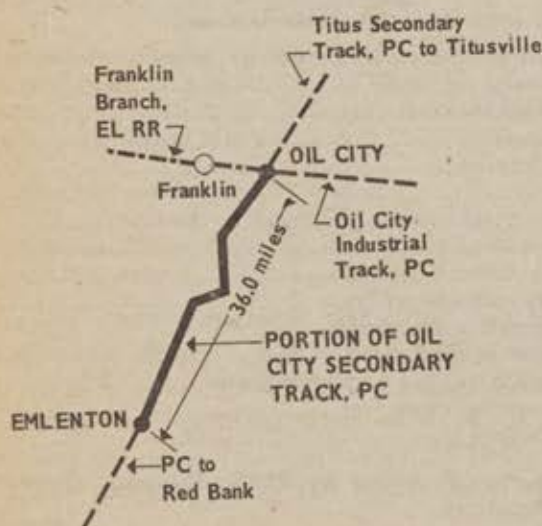
Recommendation

It is *not* recommended that this portion of the Oil City Secondary Track be included in the ConRail System, *except* for the traffic at Emlenton, Pa.

PORTION OF OIL CITY SECONDARY TRACK

USRA Line No. 647a

Penn Central



This portion of the Oil City Secondary Track, formerly part of the Pennsylvania RR, extends from Emlenton (Milepost 90.3) to Oil City, Pa. (Milepost 133.2), an actual distance of 36.0 miles, in Venango County, Pa.

Continuation of this line runs from Emlenton to Red Bank (also under study in this report as potentially excess). At Oil City this line continues on to Titusville as the Titus Secondary Track, and PC connects with the Oil City Industrial Track, PC, to Tidioute. Both of these segments are also under study in this Report. Also at Oil City this line connects with the Franklin Branch, EL Railroad. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
S. Oil City	0
Oil City ¹	2,083
Total carloads generated by the line	2,083
Average carloads per week	40.1
Average carloads per mile	57.9
Average carloads per train	10.4
1973 operating information:	
Number of round trips per year	200
Estimated time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	3

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$437,733
Average revenue per carload	\$210
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	398,121
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	262,138
Total variable (avoidable) cost	660,259
Net contribution (loss): total	(222,526)
Average per carload	(107)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

This line is required to serve Emlenton on USRA segment no. 647.

Preliminary Recommendation

It is recommended that this portion of the Oil City Secondary Track be included in the ConRail System.

PORTION OF ALLEGHENY SECONDARY TRACK

USRA Line No. 648

Penn Central



This portion of the Allegheny Secondary Track, formerly part of the Pennsylvania RR, extends from Schenley (Milepost 29.2) to Red Bank, Pa. (Milepost 63.5), a distance of 34.3 miles, in Clarion and Armstrong Counties, Pa. This line continues south to Kiskiminetas Junction and north to Oil City; the northern extension is also under study in this Report. The B&O crosses at Mosgrove and the Pittsburg-Shawmut Railroad runs parallel from Schenley to Mahoning and then runs east. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Godfrey	94
Kelly	0
Logansport	0
Ford City	979
Kittanning	865
Templeton	442
Rimerton	1
Total carloads generated by the line	2,381
Average carloads per week	45.8
Average carloads per mile	69.4
Average carloads per train	7.0
1973 operating information:	
Number of round trips per year	340
Estimated time per round trip (hours)	12.0
Locomotive horsepower	4,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Congressman J. Murtha in testimony on another segment said the Eljer Plumbing

Ware Co. at Ford City would be hard hit by abandonment.

Information for Line Retention Decision

Revenue received by PC	\$883,333
Average revenue per carload	\$371
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	589,278
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	536,207
Total variable (avoidable) cost	1,125,485
Net contribution (loss): total	(242,152)
Average per carload	(102)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

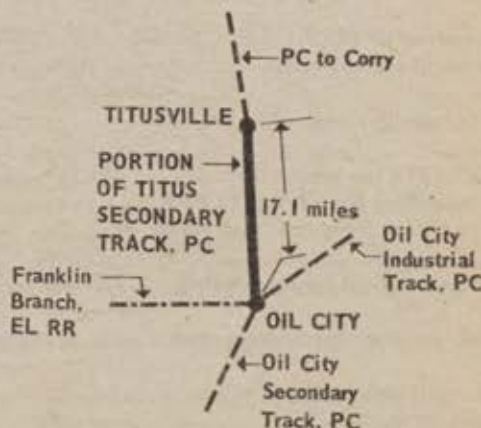
Preliminary Recommendation

It is *not* recommended that this portion of the Allegheny Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$242,152 or \$102 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 25 percent rate increase over the 1973 levels.

PORTION OF THE TITUS SECONDARY TRACK

USRA Line No. 649

Penn Central



This portion of the Titus Secondary Track, formerly part of the Pennsylvania RR, extends from Titusville (Milepost 119.9) to Oil City, Pa. (Milepost 137.0), a distance of 17.1 miles, in Crawford and Venango Coun-

ties, Pa. A continuation of this line runs north to Corry, which is also under study in this Report. At Oil City this line connects with the Oil City Secondary Track, PC to Emlenton and the PC Salamanca Branch to Tidouite, both of which are also under study in this Report. Also at Oil City, this line connects with the Franklin Branch, EL Railroad. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

McClintock	465
Rouseville	2,858
Titusville	579
Oil City ¹	445

Total carloads generated by the line	4,347
Average carloads per week	83.6
Average carloads per mile	254.2
Average carloads per train	14.5
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	9.0
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on this segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Titusville Area Chamber of Commerce estimated that Titusville ships 550 rail cars a year and expects to ship 1,000 in 1975. They would like to see service retained south through Oil City, East Brady, Templeton and Ford City. There are 25 shippers on the patron list.

Information for Line Retention Decision

Revenue received by PC	\$1,905,155
Average revenue per carload	\$438

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	310,728
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,375,563
Total variable (avoidable) cost	1,686,291
Net contribution (loss): total	218,864
Average per carload	48

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.).

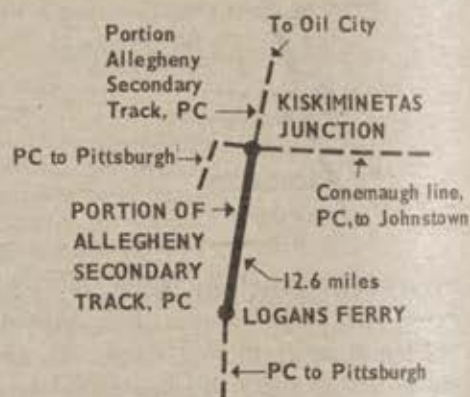
Recommendation

It is recommended that this portion of the Titus Secondary Track be included in the ConRail System.

PORTION OF ALLEGHENY SECONDARY TRACK

USRA Line No. 650

Penn Central



This portion of the Allegheny Secondary Track, formerly part of the Pennsylvania RR, extends from Logan's Ferry (Milepost 16.1) to Kiskiminetas Junction, Pa. (Milepost 28.7), a distance of 12.6 miles, in Westmoreland and Allegheny Counties, Pennsylvania. A continuation of this line runs north to Schenley and south to Pittsburgh, both of which are under study in this Report as potentially excess. This line also connects with the Conemaugh line, PC, at Kiskiminetas Junction. This line was not described as potentially excess in the U.S. DOT Report.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Logan's Ferry ¹	494
Parnassus	0
New Kensington	2,543
Braeburn	7

Total carloads generated by the line	3,034
Average carloads per week	58.4
Average carloads per mile	240.8
Average carloads per train	12.1
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	11
Locomotive horsepower	1,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that

concern exists regarding the effect of rail reorganization on mass transit plans. One of the five proposed lines for this mass transit system was from Pittsburgh to New Kensington.

Information for Line Retention Decision

Revenue received by PC	\$1,316,864
Average revenue per carload	\$434

Variable (avoidable) cost of continued services:

Cost incurred on the branch line	288,229
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	26,425
Cost incurred beyond the branch line	674,853

Total variable (avoidable) cost 989,507

Net contribution (loss) total	327,357
Average per carload	108

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 3,740 crossties (an average of 296 crossties per mile).

Although service to this line generates a net contribution, service to that portion of the line from Milepost 18.6 to Milepost 28.7 generates a loss amounting to \$97,768 or \$13,967 per carload.

Recommendation

It is recommended that the portion of the Allegheny Secondary Track from Milepost 16.1 to Milepost 18.6 be included in the ConRail System.

Preliminary Recommendation

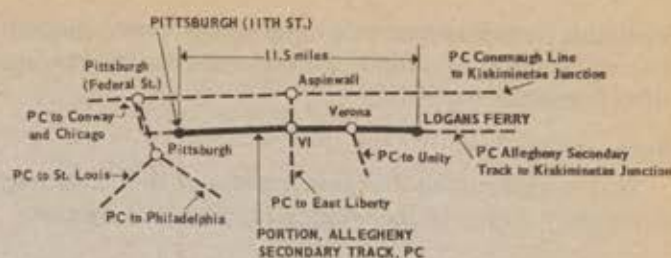
It is not recommended that the portion of the Allegheny Secondary Track from Milepost 18.6 to Milepost 28.7 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$97,768 or \$13,967 per carload. Recovery of costs would require approximately a one hundred fold increase in traffic or a 5,655 percent rate increase over the 1973 levels.

PORTION OF ALLEGHENY SECONDARY TRACK

USRA Line No. 650a

Penn Central

This portion of the Allegheny Secondary Track, formerly part of the Pennsylvania RR, extends from Pittsburgh (Milepost 4.6) to Logans Ferry, Pa. (Milepost 16.1), a distance of 11.5 miles, in Allegheny County, Pa.



A continuation of this line runs north to Kiskiminetas Jct. (which is also under study in this Report). At Pittsburgh, connections are made with lines diverging. This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Verona	2,564
Oakmont	2,198
Barking	3

Total carloads generated by the line 4,765

Average carloads per week	91.6
Average carloads per mile	414.4
Average carloads per train	19.1

1973 operating information:

Number of round trips per year	250
Estimated time per round trip (hours)	5
Locomotive horsepower	800
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that future plans for mass transit would be greatly affected by the abandonment of this line. One of the five proposed routes for the mass transit system runs from Pittsburgh to New Kensington, which is just north of Logan's Ferry.

Information for Line Retention Decision

Revenue received by PC	\$1,544,602
Average revenue per carload	\$324

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	262,347
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	23,118
Cost incurred beyond the branch line	847,944

Total variable (avoidable) cost 1,133,409

Net contribution (loss): Total	411,193
Average per carload	86

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on

available information, this upgrading would include the replacement of a total of 3,460 cross-ties (an average of 301 cross-ties per mile).

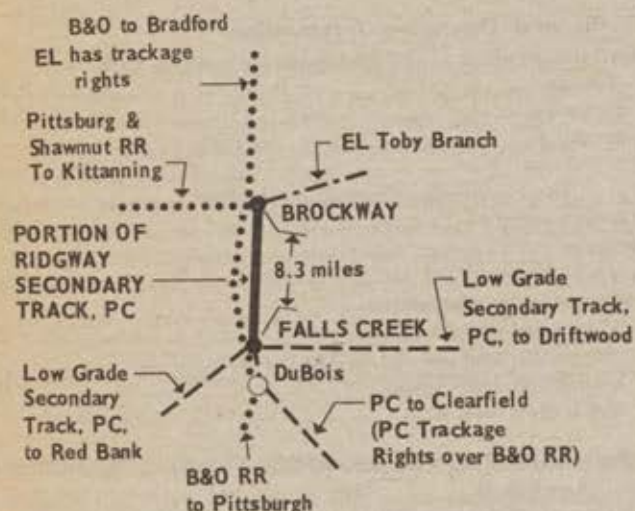
Recommendation

It is recommended that this portion of the Allegheny Secondary Track be included in the ConRail System.

PORTION OF RIDGWAY SECONDARY TRACK

USRA Line No. 651

Penn Central



This portion of the Ridgway Secondary Track, formerly part of the Pennsylvania RR, extends from Brockway (Milepost 19.0) to Falls Creek, Pa. (Milepost 27.3), a distance of 8.3 miles, in Jefferson County, Pa. The Pittsburgh & Shawmut RR and the Erie Lackawanna Ry connect with this line at Brockway. This line continues south to Curwensville (via trackage rights over the B&O, which is also under study in this Report). The Low Grade Secondary Track, PC, connects at Falls Creek and runs west to Red Bank and east to Driftwood. The Baltimore & Ohio RR runs parallel to this line and continues north to Ridgway and south to Curwensville or Pittsburgh, forking near DuBois. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Brockway	2
Minns	627
Total carloads generated by the line	629
Average carloads per week	12.1
Average carloads per mile	75.8
Average carloads per train	5.2
1973 operating information:	
Number of round trips per year	120
Estimated time per round trip (hours)	9.0

Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$161,507
Average revenue per carload	\$257
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	131,575
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	8,126
Cost incurred beyond the branch line	128,989
Total variable (avoidable) cost	268,690
Net contribution (loss): total	(107,083)
Average per carload	(170)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,250 cross-ties (an average of 151 cross-ties per mile). An evaluation of coal reserves by USRA staff confirms there is an active coal loading facility (Minns Coal) on this line and traffic may increase.

Preliminary Recommendation

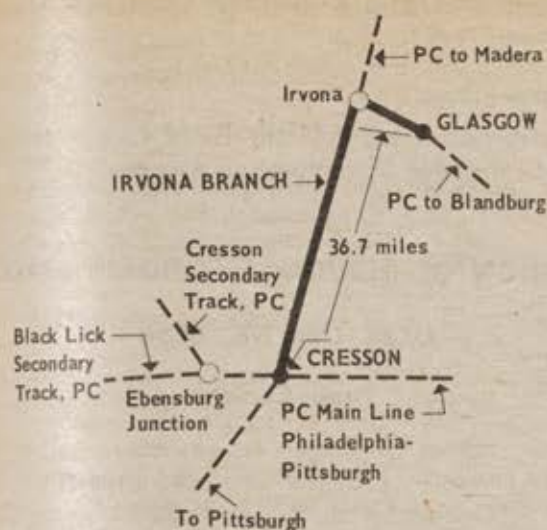
Although the preliminary recommendation is that this portion of the Ridgway Secondary Track not be included in the ConRail System, the possibility of minable coal must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$107,093 or \$170 per carload. Recovery of costs would require approximately a three-fold increase in traffic or a 65 percent rate increase over the 1973 levels.

IRVONA BRANCH

USRA Line No. 653

Penn Central

The Irvona Branch, formerly part of the Pennsylvania RR, extends from Cresson (Milepost 0.0) to Glas-



gore, Pa. (Milepost 36.7), a distance of 36.7 miles, in Clearfield and Cambria Counties, Pennsylvania. At Cresson this line connects with the Cresson Secondary Track and the Philadelphia-Pittsburgh Main Line, both PC. At Irvona it connects with a PC line to Madera, also under study in this report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 74 and 78).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Glasgow	111
Coalport	0
Irvona	95
Ashville	4
Flinton	2
Caskey	0
Irvona Mine #1	1,649
Cammos Mine #1	2,792
Total carloads generated by the line	4,653
Average carloads per week	89.5
Average carloads per mile	126.8
Average carloads per train	31.0
1973 operating information:	
No. of round trips per year	150
Estimated time per round trip (hours)	12.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,484,885
Average revenue per carload	\$319

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	467,736
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	35,789
Cost incurred beyond the branch line	923,604

Total variable (avoidable) cost 1,427,129

Net contribution (loss): total 57,756

Average per carload 12

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 4,743 cross ties (an average of 129 cross ties per mile).

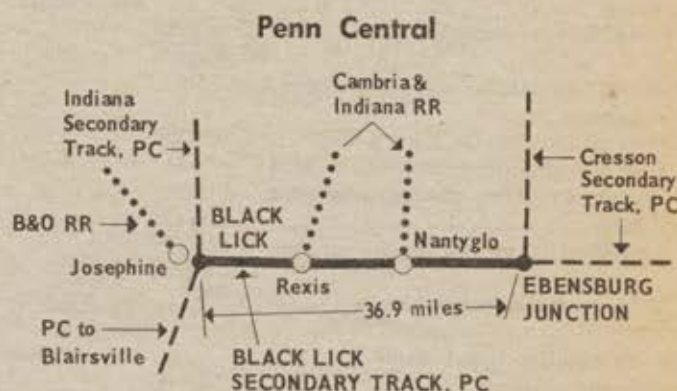
An evaluation of coal reserves adjacent to this line by USRA and Penn Central staff indicates that there are active coal loading facilities along this branch.

Recommendation

It is recommended that the Irvona Branch be included in the ConRail System.

BLACK LICK SECONDARY TRACK

USRA Line No. 655



The Black Lick Secondary Track, formerly part of the Pennsylvania RR, extends from Ebensburg Junction (Milepost 6.4), to Black Lick, Pa. (Milepost 43.3), a distance of 36.9 miles, in Cambria and Indiana Counties, Pennsylvania. At Ebensburg Jet., the Cresson Secondary Track, PC, runs eastward to Cresson and north to Bradley Junction. The Cambria & Indiana Railroad connects with this line at Nantyglo and Raxis. At Black Lick the Indiana Secondary Track, PC, runs north to Indiana and south to Blairsville. The former section is also under study in this Report. The Baltimore & Ohio Railroad serves Josephine (near Black Lick) from Punxsutawney. This line was not described as potentially excess in the U.S. DOT Report (see Zones 74 and 78).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Ebensburg	5,343
Nantyglo	43,805
Vintondale	1
Rexis	6
Dilltown	0
Dias	9
Heshbon	1
Josephine	1
Black Lick	101

Total carloads generated by the line..... 49,267

Average carloads per week..... 947.4

Average carloads per mile..... 1,335.2

Average carloads per train..... 98.5

1973 operating information:

Number of round trips per year	500
Estimated time per round trip (hours)	8.0
Locomotive horsepower	14,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$13,302,974
Average revenue per carload	\$270

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	1,469,592
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	19,423
Cost incurred beyond the branch line	8,618,019

Total variable (avoidable) cost..... 10,107,034

Net contribution (loss): total..... 3,195,940

Average per carload..... 65

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 2,500 crossties (an average of 68 crossties per mile). An evaluation of coal reserves by USRA and Penn Central Staff indicates there are active loading facilities on this line and traffic may increase (Vinton Colliery No. 6; Oneida Mining Co. No. 4; North Cambria Fuel Co.; and North American Coal Co.). Furthermore, this track is used as a route for interchange with the Cambria & Indiana RR, and as a route for moving unit coal trains either westward or eastward for movement beyond, on the PC Pittsburgh

to Philadelphia line. A new unit train from Oneida Mine moves over this line.

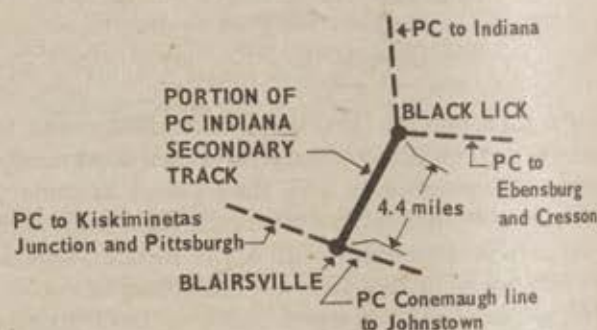
Recommendation

It is recommended that the Black Lick Secondary Track be included in the ConRail System.

PORTION OF INDIANA SECONDARY TRACK

USRA Line No. 655a

Penn Central



This portion of the Indiana Secondary Track, formerly part of the Pennsylvania RR, extends from Blairsville (Milepost 2.9), to Black Lick, Pa. (Milepost 7.3), a distance of 4.4 miles, in Indiana County, Pa. At Blairsville this line connects with Penn Central, Conemaugh line. At Black Lick PC branches from Indiana and Ebensburg converge, both of which are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 74).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Smith	1
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Total carloads generated by the line..... 1

Average carloads per week..... 0.02

Average carloads per mile..... 0.2

Average carloads per train..... 0.5

1973 operating information:

Number of round trips per year..... 2

Estimated time per round trip (hours)..... 2

Locomotive horsepower..... 2,000

Train crew size..... 5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$263
Average revenue per carload.....	\$263
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	28,337
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	4,544
Cost incurred beyond the branch line....	394
Total variable (avoidable) cost.....	33,275
Net contribution (loss) : Total.....	(33,012)
Average per carload.....	(33,012)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 600 crossties (an average of 136 crossties per mile).

An evaluation of coal reserves by USRA staff indicates this line is currently used as a high volume through route for coal shipments. Therefore, this segment is still being considered for feeder service connectivity.

Preliminary Recommendation

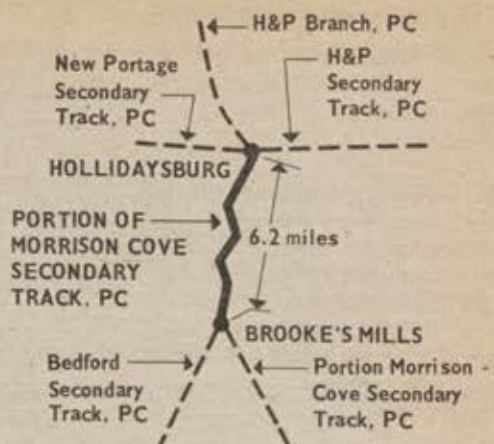
It is *not* recommended that this portion of the Indiana Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$33,012 or \$33,012 per carload. Recovery of costs would require both an increase in traffic and a rate increase over the 1973 levels.

PORTION OF MORRISON COVE SECONDARY TRACK

USRA Line No. 656

Penn Central

This portion of the Morrison Cove Secondary Track, formerly part of the Pennsylvania RR, extends from Hollidaysburg (Milepost 8.0), to Brooke's Mills, Pa. (Milepost 14.2), a distance of 6.2 miles, in Blair County, Pennsylvania. A continuation of this line runs from Brooke's Mills to Martinsburg (also under study in this Report). The Bedford Secondary Track connects with this line at Brooke's Mills and is also under study in this Report. At Hollidaysburg, the H&P Secondary Track, the H&P Branch, and the New Portage Secondary Track, all connect with this P.C. line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 79).



Information for Line Retention Decision

This line does not directly serve any shippers. It is used to serve traffic generated on USRA line numbers 216 and 657. The Recommendation is that these segments be included in ConRail.

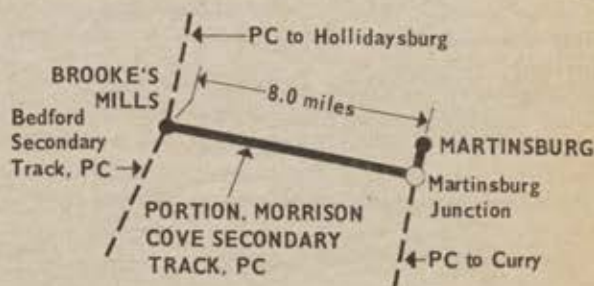
Recommendation

It is recommended that this portion of the Morrison Cove Secondary Track be included in the ConRail System.

PORTION OF MORRISON COVE SECONDARY TRACK

USRA Line No. 657

Penn Central



This portion of the Morrison Cove Secondary Track, formerly part of the Pennsylvania RR, extends from Brooke's Mills (Milepost 14.2) to Martinsburg, Pa. (Milepost 22.2), a distance of 8.0 miles, in Blair County, Pa. A continuation of this line runs from Brooke's Mills to Hollidaysburg (also under study in this Report). Also at Brooke's Mills, this line connects with the Bedford Secondary Track, PC (also under study in this Report). At Martinsburg Junction, this line continues on to Curry (which sector is also under study in this Report). This line was not described as potentially excess in the U.S. DOT Report (see Zone 79).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

McKee	2
Roaring Springs	1,126
Martinsburg	243
Total carloads generated by the line	1,371
Average carloads per week	26.4
Average carloads per mile	171.4
Average carloads per train	13.7
1973 operating information:	
Number of round trips per year	100
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,200
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Martinsburg Milling Co. generated 90 carloads of feed grains in 1973; Ober's Feed Store generated 32 carloads in 1973, Spring Cove Packers generated 81 carloads; Young's Inc. is projecting 150 carloads, and Appleton Paper Co. (Div. of National Cash Register) estimated 958 carloads in 1973 and is projecting 1,237 carloads. Information submitted at the Altoona hearing from Robert A. Halloran, Southern Alleghenies Planning & Development Commission, indicates both the Roaring Spring Blank Paper Co. and the Appleton Paper plant could not survive without rail service.

Information for Line Retention Decision

Revenue received by PC	\$663,468
Average revenue per carload	\$484
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	111,915
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	9,270
Cost incurred beyond the branch line	366,056
Total variable (avoidable) cost	487,241
Net contribution (loss): total	176,227
Average per carload	129

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 950 crossties (an average of 119 crossties per mile).

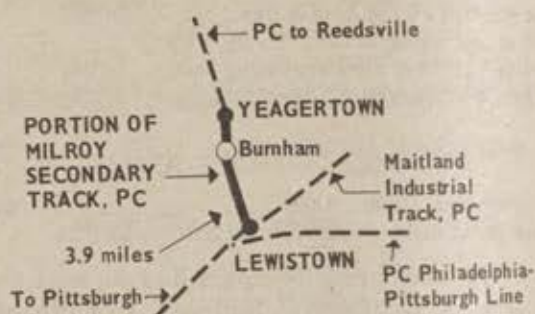
Recommendation

It is recommended that this portion of the Morrison Cove Secondary Track be included in the ConRail System.

PORTION OF MILROY SECONDARY TRACK

USRA Line No. 658

Penn Central



This portion of the Milroy Secondary Track, formerly part of the Pennsylvania RR, extends from Lewistown (Milepost 0.0) to Yeagertown, Pa. (Milepost 3.9), a distance of 3.9 miles, in Mifflin County, Pa. A continuation of this line runs north from Yeagertown to Reedsville (also under study in this report). At Lewistown this line connects with the PC Philadelphia-Pittsburgh line and the Maitland Industrial Track, PC, the latter also under study. This line was not described as potentially excess in the U.S. DOT Report (see Zone 80).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Burnham	3,266
Yeagertown	1
Lewistown ¹	41
Total carloads generated by the line	3,308
Average carloads per week	63.8
Average carloads per mile	848.2
Average carloads per train	15.0
1973 operating information:	
Number of round trips per year	220
Estimated time per round trip (hours)	6
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" noted that rail service was inadequate because shippers could not get the cars they needed. Information received from the State of Pennsylvania's Response to the DOT Report indicates that annual traffic on the line totals 4,170 carloads.

Information for Line Retention Decision

Revenue received by PC	\$1,853,026
Average revenue per carload	\$560
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	195,027
Cost of upgrading branch line to FRA	
Class I (1/3 of total upgrading cost)	6,315
Cost incurred beyond the branch line	852,341
Total variable (avoidable) cost	1,053,650
Net contribution (loss) total	799,370
Average per carload	241

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 128 crossties per mile).

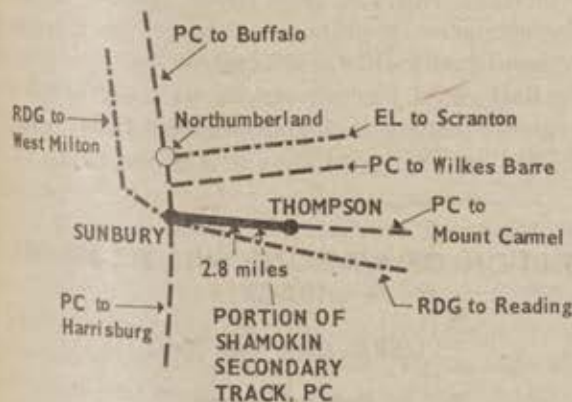
Recommendation

It is recommended that this portion of the Milroy Secondary Track be included in the ConRail System.

PORTION OF SHAMOKIN SECONDARY TRACK

USRA Line No. 659

Penn Central



This portion of the Shamokin Secondary Track formerly part of the Pennsylvania RR, extends from Sunbury (Milepost 0.0) to Thompson, Pa. (Milepost 2.8), a distance of 2.8 miles, in Northumberland County, Pa. A continuation of this line runs from Thompson to Mount Carmel (also under study in this Report). At Sunbury the Harrisburg-Buffalo line connects with this line. Also at Sunbury, the Reading Railroad intersects the Harrisburg-Buffalo line and runs eastward to Shamokin, parallel to this line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line: Sunbury ¹	113
Total carloads generated by the line	113
Average carloads per week	2.2
Average carloads per mile	40.4
Average carloads per train	2.2
1973 operating information:	
Number of round trips per year	52
Estimate time per round trip (hours)	4
Locomotive horsepower	2,000
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shipping, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that a major anthracite coal reserve runs through this zone. The possibility of future energy shortages has increased the likelihood that anthracite may again be extracted in large quantities.

Information for Line Retention Decision

Revenue received by PC	\$57,511
Average revenue per carload	\$500
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	35,659
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	3,555
Cost incurred beyond the branch line	29,366
Total variable (avoidable) cost	68,580
Net contribution (loss): total	(11,069)
Average per carload	(98)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed at 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 180 crossties (an average of 64 crossties per mile).

At this time, USRA has found no evidence of economically recoverable reserves of anthracite which would be totally dependent upon this line.

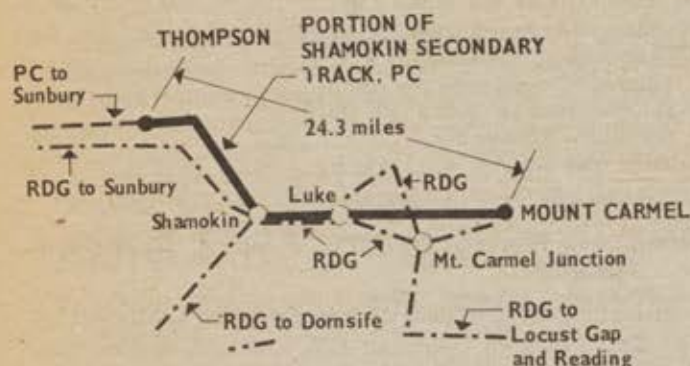
Preliminary Recommendation

It is not recommended that this portion of the Shamokin Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic revenue and cost levels, this line generates an annual excess financial burden amounting to \$11,069 or \$98 per carload. Recovery of costs would require approximately a 40 percent increase in traffic or a 19 percent rate increase over the 1973 levels.

PORTION OF SHAMOKIN SECONDARY TRACK

USRA Line No. 659a

Penn Central



This portion of the Shamokin Secondary Track, formerly part of the Pennsylvania RR, extends from Thompson (Milepost 2.8) to Mount Carmel, Pa. (Milepost 27.1), a distance of 24.3 miles, in Northumberland County, Pa. A continuation of this line runs from Thompson to Sunbury (also under study in this Report). The Reading Railroad runs parallel to this line between Mount Carmel and Sunbury. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Snydertown	2
Paxinos	106
Shamokin	3,081
Locust Gap Jct.	9
Sagon Jct.	0
Mt. Carmel	6

Total carloads generated by the line	3,204
Average carloads per week	61.6
Average carloads per mile	131.9
Average carloads per train	21.4
1973 operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	10.0
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$636,430
Average revenue per carload	\$199

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	\$318,886
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	22,785
Cost incurred beyond the branch line	498,771

Total variable (avoidable) cost \$840,442

Net contribution (loss): total (204,012)
Average per carload (64)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,620 cross-ties (an average of 67 cross-ties per mile). An evaluation of the coal reserves by USRA staff indicates this line is currently used as a through-route for coal shipments. Coal shippers on this line are: Glen Barn, Colliery, Sun Operation, Hoover Coal, and Split Vein Coal Company.

Preliminary Recommendation

It is *not* recommended that this portion of the Shamokin Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$204,012 or \$64 per carload. Recovery of costs would require approximately a 145 percent increase in traffic or a 32 percent rate increase over the 1973 levels. Before the Final Recommendation is prepared, the need for this line to serve fossil fuel will be re-evaluated.

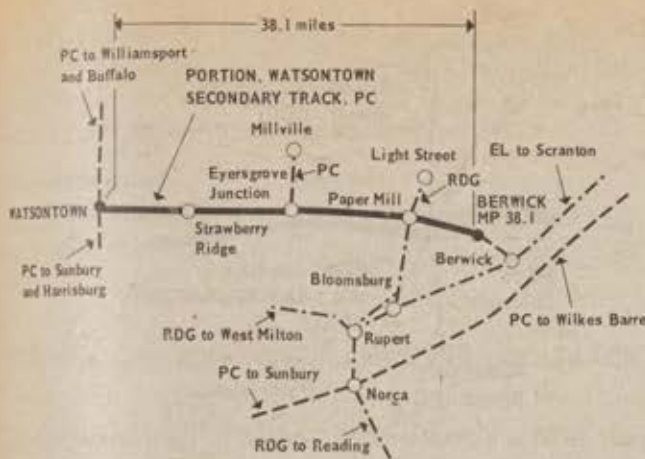
ConRail could provide service to many of the stations and industries on this line segment from the parallel RDG line. This possibility will be evaluated.

PORTION OF WATSONTOWN SECONDARY TRACK

USRA Line No. 660

Penn Central

This portion of the Watertown Secondary Track, formerly part of the Pennsylvania RR, extends from Watertown (Milepost 0.0), to Berwick, Pa. (Milepost 38.1), a distance of 38.1 miles, in Northumberland, Montour and Columbia Counties, Pennsylvania. This line continues eastward for a short distance at Berwick (which is also under study in this Report). The line connects with the Harrisburg-to-Buffalo line of the PC at Watertown. The Millville Branch, PC, connects with this line at Eversgrove Junction also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Turbotville	35
Schuyler	23
Ottawa	10
Strawberry Ridge	28,935
Eyersgrove Junction	0
Light Street	11
Berwick	1,407

Total carloads generated by the line	30,421
Average carloads per week	585.0
Average carloads per mile	798.5
Average carloads per train	89.0

1973 Operating Information:

Number of round trips per year	342
Estimated time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff received correspondence from Philco Ford concerning service to its Watsonstown plant employing 1,500 people. USRA also received a letter from the P.P.&L. Company saying that 29,526 carloads of coal are shipped over this line to the company's Montour Power Plant. There is a projected increase in coal used by that plant. The plant is located at Strawberry Ridge.

Information for Line Retention Decision

Revenue received by PC	\$6,714,774
Average revenue per carload	\$221
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	891,650
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	87,851

Cost incurred beyond the branch line \$4,959,458

Total variable (avoidable) cost \$5,938,959

Net contribution (loss): total 775,815

Average per carload 26

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 10,500 cross-ties (an average of 276 cross-ties per mile). Penn Central Industrial Develop. Dept. has informed USRA that a bulk fertilizer plant is under construction on this line and will result in an estimated 100 carloads of new business.

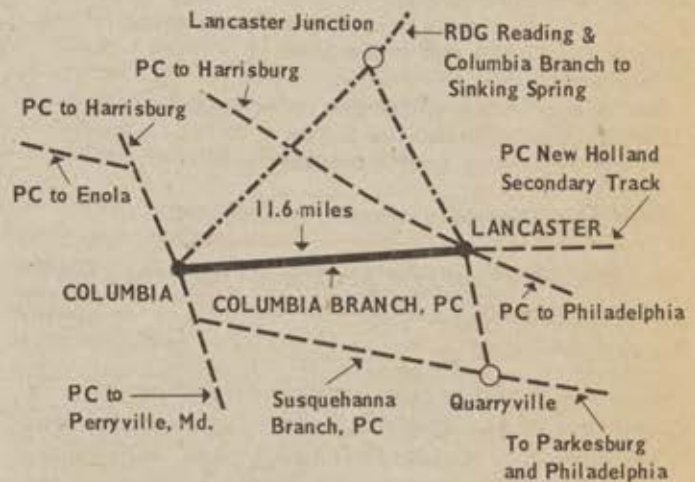
Recommendation

It is recommended that this portion of the Watsonstown Secondary Track be included in the ConRail System.

COLUMBIA BRANCH

USRA Line No. 661

Penn Central



The Columbia Branch, formerly part of the Pennsylvania RR, extends from Lancaster (Milepost 68.5), to Columbia, Pa. (Milepost 80.1), a distance of 11.6 miles, in Lancaster County, Pennsylvania. At Columbia this line connects with the Susquehanna Branch, PC. At Lancaster this line connects with the following lines which are also under study in this Report: Quarryville Track, PC, to Quarryville; New Holland Secondary Track, PC, to New Holland; Reading and Columbia Branch, RDG, to Lancaster Junction; the Philadelphia-Pittsburgh, PC line, running east to Parkesburg and west to Royalton. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Rohrerstown	4,115
Mountville	367
Lancaster ¹	292
Columbia ¹	7
Total carloads generated by the line	4,781
Average carloads per week	91.9
Average carloads per mile	412.2
Average carloads per train	15.9
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	1,750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA Staff has learned that businesses at Columbia cannot be serviced by the Reading as the interchange between the Reading and the Penn Central was destroyed in 1972 by Agnes.

Information for Line Retention Decision

Revenue received by PC	\$1,953,013
Average revenue per carload	\$409
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	350,849
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,359,967
Total variable (avoidable) cost	1,710,816
Net contribution (loss): Total	242,197
Average per carload	51

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Recommendation

It is recommended that the Columbia Branch be included in the ConRail System.

PORTION OF NEW HOLLAND SECONDARY TRACK

USRA Line No. 662

Penn Central

This portion of the New Holland Secondary Track, formerly part of the Pennsylvania RR, extends from New Holland (Milepost 28.0), to Lancaster, Pa (Mile-



post 40.0) a distance of 12.0 miles, in Lancaster County, Pennsylvania. A continuation of this line runs from New Holland to Honey Brook (also under study in this Report). At Lancaster, this line connects with the PC Line Philadelphia-Pittsburgh, running east to Parkersburg and Philadelphia and west to Royalton and Harrisburg. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Holland ¹	3,190
Leola	1,181
Lancaster ¹	346

Total carloads generated by the line	4,726
Average carloads for week	90.9
Average carloads for mile	393.8
Average carloads per train	18.9
1973 operation information:	
Number of round trips per year	250
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1750
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,806,087
Average revenue per carload	\$383
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	284,303
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	1,333,037
Total variable (avoidable) cost	1,617,340
Net contribution (loss): total	188,747
Average per carload	40

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

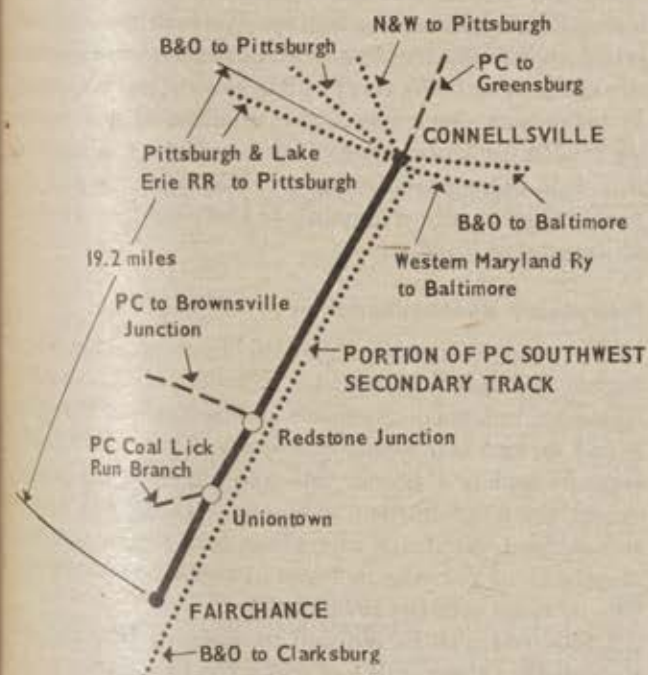
Recommendation

It is recommended that this portion of the New Holland Secondary Track be included in the ConRail System.

PORTION OF SOUTHWEST SECONDARY TRACK

USRA Line No. 663

Penn Central



This portion of the Southwest Secondary Track, formerly part of the Pennsylvania RR, extends from Connellsville (Milepost 25.0), to Fairchance, Pa. (Milepost 44.2), a distance of 19.2 miles, in Fayette County, Pennsylvania. At Reading Junction this line connects with the Redstone Secondary Track of the PC, also under study in this Report. It also connects with B&O Connellsville-to-Fairmont Branch, the N&W line to Pittsburgh, and the Western Maryland line to Baltimore at Connellsville. This line also connects with the P&LE's branch to McKeesport at Connellsville. This line was not described as potentially excess in the U.S. DOT Report (see Zone 77).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Watts transfer	416
Dunbar	8
Mount Braddock	4
Stambaugh	0

Uniontown ¹	305
Hutchinson Siding	2
Fairchance	9
Laughead Ovens	288

Total carloads generated by the line	1,032
Average carloads per week	19.9
Average carloads per mile	53.8
Average carloads per train	6.9
1973 Operating information:	
Number of round trips per year	150
Estimated time per round trip (hours)	7
Locomotive horsepower	5,000
Train crew size	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$361,125
Average revenue per carload	\$349

Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	234,033
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	50,045
Cost incurred beyond the branch line	247,731

Total variable (avoidable) cost	531,809
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Net contribution (loss): total	(170,684)
Average per carload	(165)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 9,600 cross-ties (an average of 500 cross-ties per mile).

An evaluation of coal reserves by USRA confirms there is an active loading facility (Laughead-Ovens) on this line and traffic may increase.

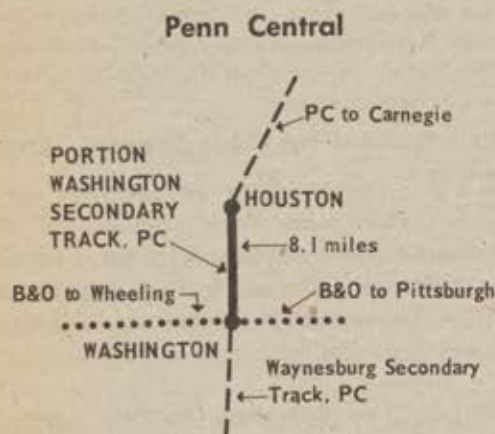
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Southwest Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting

to \$170,684 or \$165 per carload. Recovery of costs would require approximately a 150 percent increase in traffic or a 165 percent rate increase over the 1973 levels.

PORTION OF WASHINGTON SECONDARY TRACK

USRA Line No. 664



This portion of the Washington Secondary Track, formerly part of the Pennsylvania RR, extends from *Houston* (Milepost 15.5), to *Washington, Pa.* (Milepost 23.6), a distance of 8.1 miles, in Washington County, Pennsylvania. A continuation of this line extends north from Houston to Carnegie. At Washington, this line connects with the Waynesburg Secondary Track, PC, to Waynesburg (also under study in this Report) and with the Baltimore & Ohio RR. This line was not described as potentially excess in the U.S. DOT Report (see Zone 76).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Meadow Lands	315
Arden	121
Washington	379
Total carloads generated by the line	815
Average carloads per week	15.7
Average carloads per mile	100.5
Average carloads per train	5.4

1973 operating information:

Number of round trips per year	150
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC	\$280,063
Average revenue per carload	\$344
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	136,112
Cost of upgrading branch line to FRA	
Class I: ($\frac{1}{10}$ of total upgrading cost)	24,523
Cost incurred beyond the branch line	161,716
Total variable (avoidable) cost	322,351
Net contribution (loss): total	(42,288)
Average per carload	(52)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 4,000 cross-ties (an average of 494 cross-ties per mile). An evaluation of coal reserves by USRA indicates there may be reserves adjacent to this line. The exact nature of the reserves and the probability of mines opening in the near future cannot be assessed at this time.

Preliminary Recommendation

It is *not* recommended that this portion of the Washington Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$42,288 or \$52 per carload. Recovery of costs would require approximately an 85 per cent increase in traffic or a 15 per cent rate increase over the 1973 levels.

Costs may also be reduced by reduced frequency, although this alone will *not* make the line viable.

PORTION OF PHILADELPHIA-PITTSBURGH LINE

USRA Line No. 691

Penn Central

This portion of the Philadelphia-Pittsburgh Line, formerly part of the Pennsylvania RR, extends from *Parkesburg* (Milepost 44.0), to *Lancaster, Pa.* (Milepost 64.5), a distance of 20.5 miles, in Chester and Lancaster Counties, Pennsylvania. Continuations of this line extends eastward from Parkesburg to Philadelphia and westward from Lancaster to Pittsburgh. The Lancaster-Royalton portion of the westward continuation is also under study in this Report. Connections include: the PC Susquehanna Branch at Parkesburg; the Strasburg RR at Leaman Place; and at Lancaster with the PC's New Holland Secondary Track, Columbia Branch,



and Quarryville Track. All of these connections at Lancaster are under study in this Report. The Reading's Reading and Columbia Branch also connects at Lancaster and is under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zones 66 and 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Atglen	95
Christiana	51
Gap	11
Vintage	0
Leaman Place	456
Bird-in-Hand	144
Witmer	60
Gordonville	187

Total carloads generated by the line	1,004
Average carloads per week	19.3
Average carloads per mile	49.0
Average carloads per train	20.1
1973 operating information:	
Number of round trips per year	50
Estimated time per round trip (hours)	10.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." USRA staff has discussed the possibility, with both SEPTA and Amtrak, that these agencies may wish to purchase, lease, or otherwise acquire segments of track such as this for passenger service as provided in the Regional Rail Reorganization Act. The subject has also been discussed by USRA staff with the State of Pennsylvania at the technical briefings given by USRA.

Information for Line Retention Decision

Revenue received by PC	\$435,232
Average revenue per carload	\$434

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	\$197,908
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	322,663
Total variable (avoidable) cost	\$520,571
Net contribution (loss): total	(85,339)
Average per carload	(85)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

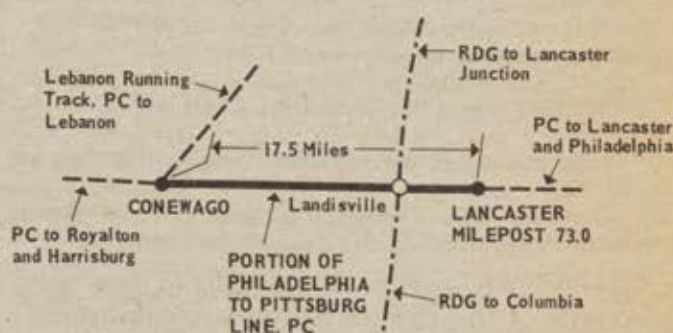
Preliminary Recommendation

It is *not* recommended that *freight services* be provided over this portion of the Philadelphia-Pittsburgh Line by the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$85,339 or \$85 per carload. Recovery of costs would require approximately a 75 per cent increase in traffic or a 20 per cent rate increase over the 1973 levels.

PORCION OF PHILADELPHIA-PITTSBURGH LINE

USRA Line No. 691a

Penn Central



This portion of the Philadelphia-Pittsburgh line, formerly part of the Pennsylvania RR, extends from West of Lancaster (Milepost 73.0) to Conewago, Pa. (Milepost 90.5), a distance of 17.5 miles, in Lancaster County, Pa. This line continues east to Lancaster and west to Royalton, Pa., with both continuations also under study in this Report. At Lancaster this line intersects a portion of the Reading and Columbia branch of the RDG, and at Conewago Junction it connects with the Lebanon Running Track of the PC. Both of these connecting lines are under study in this

Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67). It was studied because of the reroute of through freight services from this line.

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Landisville	50
Salunga	0
Mt. Joy	958
Florin	184
Rheems	211
Elizabethtown	905

Total carloads generated by the line	2,398
Average carloads per week	46.1
Average carloads per mile	137.0
Average carloads per train	9.6
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip	10.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation Rail Service Report" indicated that Agway generated 123 carloads in 1973.

Information for Line Retention Decision

Revenue received by PC	\$1,089,590
Average revenue per carload	\$454
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	317,502
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	611,840
Total variable (avoidable) cost	929,342
Net contribution (loss): total	160,248
Average per carload	67

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). The Conewago Industrial Park, not yet completed, is expected to generate 4,000 carloads by 1979. Also, the Middletown Area Association has plans for a sewage treatment facility to be built in conjunction with the Conewago Industrial Park.

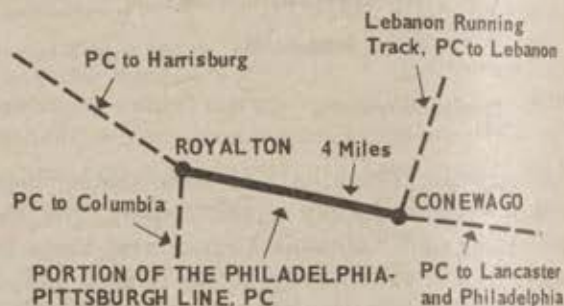
Recommendation

It is recommended that this portion of the Philadelphia to Pittsburgh line be included in the ConRail System.

PORTION OF THE PHILADELPHIA-PITTSBURGH LINE

USRA Line No. 691b

Penn Central



This portion of the Philadelphia-Pittsburgh Line, formerly part of the Pennsylvania RR, extends from Conewago (Milepost 90.5) to Royalton, Pa. (Milepost 94.5), a distance of 4 miles, in Dauphin County, Pennsylvania. A continuation of this line runs eastward to Lancaster which is also under study in this Report. At Conewago this line connects with the Lebanon Running Track, PC, which is also under study in this Report. At Royalton, this line continues westward to Harrisburg and connects with the Susquehanna Branch PC. This line was not described as potentially excess in the U.S. DOT Report (see Zones 67 and 81).

Information for Line Retention Decision

This line serves no shippers and is not required to serve any line recommended for inclusion in the ConRail System. Information from USRA and Penn Central staff indicates through service only—no local service. Amtrak presently uses this route for intercity trains to and from the midwest, as well as for Harrisburg-Philadelphia service.

Preliminary Recommendation

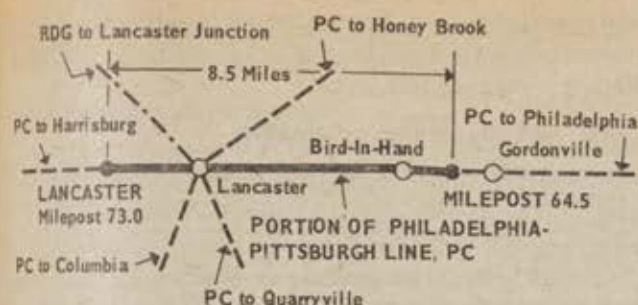
It is not recommended that this portion of the Philadelphia to Pittsburgh line be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. ConRail through freights will not be routed over this segment.

PORTION OF PHILADELPHIA-PITTSBURGH LINE

USRA Line No. 691c

Penn Central

This portion of the Philadelphia-Pittsburgh line, formerly part of the Pennsylvania RR, Milepost 64.5



to Milepost 73.0, at Lancaster, Pa. a distance of 8.5 miles, in Lancaster County, Pennsylvania. A continuation of this line runs eastward to Philadelphia and westward to Harrisburg. These continuations are under study in this Report, between Parkesburg and Royalton, Pa. At Lancaster, this line connects with the Reading and Columbia Branch of the Reading and the Columbia Branch and Quarryville Track of the PC, all of which are also under study in this Report. It also connects at Lancaster with the PC New Holland Secondary Track, which is under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This segment was studied because of the recommended removal of ConRail through freight services on this line.

Recommendation

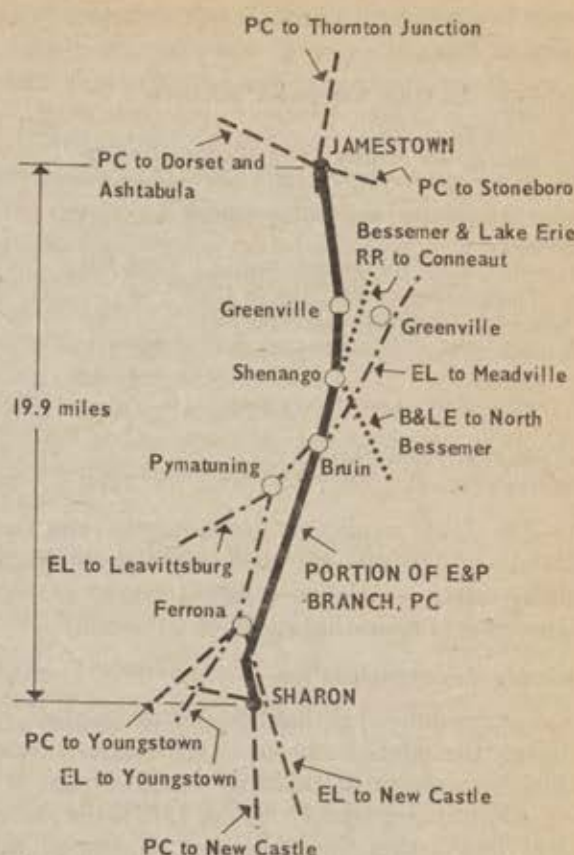
This line segment will continue to receive local freight service from the proposed through route at Columbia, Pa.

ERIE & PITTSBURGH BRANCH

USRA Line No. 712

Penn Central

This portion of the Erie & Pittsburgh Branch, formerly part of the Pennsylvania RR, extends from Sharon (Milepost 70.6) to Jamestown, Pa. (Milepost 90.5), a distance of 19.9 miles, in Mercer County, Pa. This line continues south from Sharon to New Castle. The PC Sharon Branch to Youngstown connects at Wheatland and the PC Stoneboro Branch connects at Jamestown. The EL Youngstown line runs parallel from RD Yard to Greenville (another PC line extends



from Jamestown to Thornton Junction). The Sharon Branch is also under study in this Report. The Bessemer & Lake Erie RR connects at Shenango. This line was not studied in the U.S. DOT Report (see Zone 75).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Sharpsville	597
Transfer	0
Shenango	37
Greenville	552

Total carloads generated by the line..... 1,186

Average carloads per week	22.8
Average carloads per mile	59.6
Average carloads per train	4.3
1973 operating information:	
Number of round trips per year	275
Estimated time per round trip (hours)	6
Locomotive horsepower	1,700
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Information received from the Penn Central indicates that Shenango, Inc. handled 1,200-1,500 outbound cars per year and that the EL

Railroad brings in all of their raw steel direct from furnaces at Sharon.

Information for Line Retention Decision

Revenue received by PC	\$331,438
Average revenue per carload	\$279
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	277,959
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	230,821
Total variable (avoidable) cost	508,780
Net contribution (loss): total	(177,342)
Average per carload	(150)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

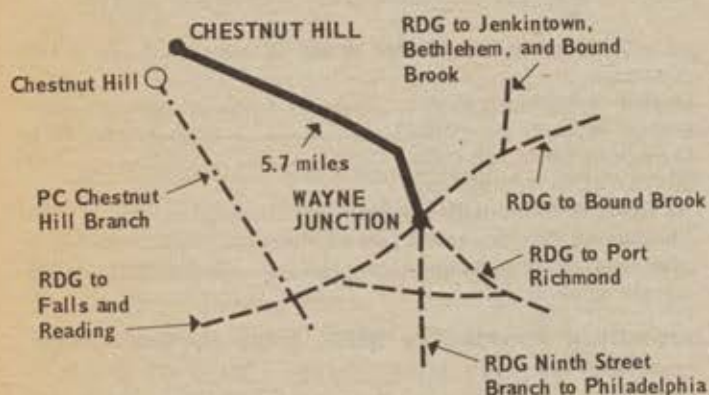
Preliminary Recommendation

It is *not* recommended that this portion of the Erie & Pittsburgh Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$177,342 or \$150 per carload. Recovery of costs would require approximately a 180 percent increase in traffic or a 50 percent rate increase over the 1973 levels.

CHESTNUT HILL BRANCH

USRA Line No. 903

Reading Railroad



The Chestnut Hill Branch, extends from *Wayne Junction* (Milepost 5.1), to *Chestnut Hill, Pa.* (Milepost 10.8) a distance of 5.7 miles, in Philadelphia County, Pennsylvania. At *Wayne Junction*, this line connects with the *RDG Ninth Street Branch*. *Chestnut Hill* is also served by the *PC Chestnut Hill Branch*, also

under study in this Report as potentially excess. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Germantown	142
Chestnut Hill	1
Total carloads generated by the line	143
Average carloads per week	2.8
Average carloads per mile	25.1
Average carloads per train	.91
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that this Reading Branch serves 6,000 daily commuters as part of the SEPTA system. Reading operates this service under contract with SEPTA. Local officials insisted that the right-of-way must be preserved for SEPTA's use in the event ConRail does not have this line within the ConRail Final System Plan. The P.U.C. estimated that this line generates 145 carloads per mile each year. Pennsylvania's response indicated that the annual freight traffic on this line is above the DOT carload standard. Pennsylvania also cited a number of factors which would inhibit firms from easily switching from rail service to truck service. USRA staff has met several times with SEPTA to discuss SEPTA's requirements for continuation of passenger service on this line, as well as the possible acquisition of the branch by SEPTA. SEPTA is currently preparing an inventory of its suburban facility requirements which will be used in future discussions about the future of this and other Philadelphia area lines.

Information for Line Retention Decision

Revenue received by RDG	\$11,500
Average revenue per carload	\$83
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	52,341
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	11,505
Total variable (avoidable) cost	63,846
Net contribution (loss): total	(52,346)
Average per carload	(363)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's

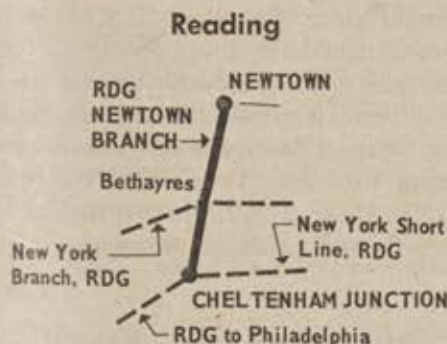
minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that this portion of the Chestnut Hill Branch be included in the ConRail System for freight service. Passenger service will remain. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$52,016 or \$363 per carload. Recovery of costs would require approximately a two hundred-fold increase in traffic or a 430 percent rate increase over 1973 levels.

PORTION OF NEWTOWN BRANCH

USRA Line No. 904



The Newtown Branch extends from Cheltenham Junction (Milepost 8.6) to Newtown, Pa. (Milepost 26.4), a distance of 17.8 miles, in Philadelphia, Montgomery, and Bucks Counties, Pennsylvania. This line connects at Cheltenham Junction with the New York Short Line between Newtown Junction and Neshaminy Falls. The Reading Company operates suburban passenger service over this line under contract to the Southeastern Pennsylvania Transportation Authority. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Southampton	14
Newtown	107
Total carloads generated by the line	121
Average carloads per week	2.3
Average carloads per mile	7.9
Average carloads per train	2.3
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Lovelle Aircraft's rail usage has been infrequent in the past, but the company recently signed a contract with the U.S. Department of Defense which will necessitate the use of rail service. The Frost-Watson Lumber Co. stated trucking lumber through residential areas is impossible. This branch is also utilized for commuter service between Philadelphia and Newtown with an estimated 500 daily passengers. Pennsylvania's response indicates this passenger figure has increased dramatically during the last few years due to the energy crisis. Pennsylvania's response also indicates the Frost-Watson Lumber Co. has just completed an expansion of their facilities constructed under the assumption of continued rail service.

Information for Line Retention Decision

Revenue received by RDG	\$14,962
Average revenue per carload	\$124
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	\$51,324
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	11,756
Total variable (avoidable) cost	63,080
Net contribution (loss): total	(48,118)
Average per carload	(398)

¹ Excludes maintenance costs due to the existence of commuter services.

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph):

Preliminary Recommendation

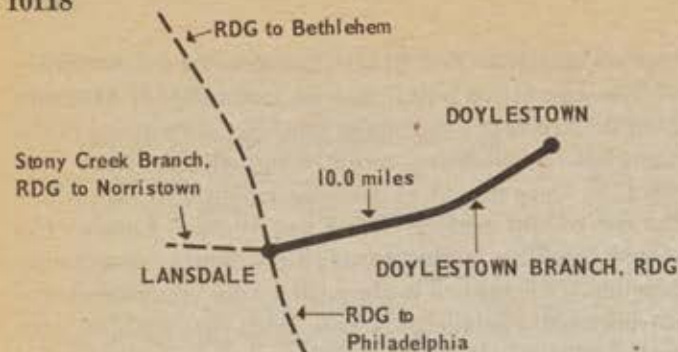
It is *not* recommended that freight service be provided over this portion of the Newtown Branch by the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$48,118 or \$398 per carload. Recovery of costs would require approximately a fifteen-fold increase in traffic or a 320 percent rate increase over the 1973 levels.

DOYLESTOWN BRANCH

USRA Line No. 905

Reading Railroad

The Doylestown Branch, extends from Lansdale (Milepost 0.0) to Doylestown, Pa. (Milepost 10.0), a distance of 10.0 miles, in Bucks and Montgomery Coun-



ties, Pennsylvania. At Lansdale, this line connects with the Reading's Philadelphia-to-Bethlehem line and Stony Creek Branch. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Colmar	56
Chalfont	98
New Britain	0
Doylestown	275
Total carloads generated by the line	429
Average carloads per week	8.3
Average carloads per mile	42.9
Average carloads per train	2.8
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	3
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the local firms and government officials regard the line as essential to the area. SEPTA indicated that lines no longer viable from a freight standpoint would still be needed for commuter service.

Information for Line Retention Decision

Revenue received by Reading	\$61,786
Average revenue per carload	\$144
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	110,385
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	45,584
Total variable (avoidable) cost	155,969
Net contribution (loss): total	(94,183)
Average per carload	(220)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's

minimum safety standards. (Class I track, which has a maximum safe operating speed of 10 m.p.h.). F. D. Hartzel's Sons Co. Inc., presently is building an industrial park at Chalfont which would use rail service if it was available. A representative of Mrs. Paul's Kitchen indicated that plans for a 40 percent expansion in facilities would be abandoned if rail service is curtailed.

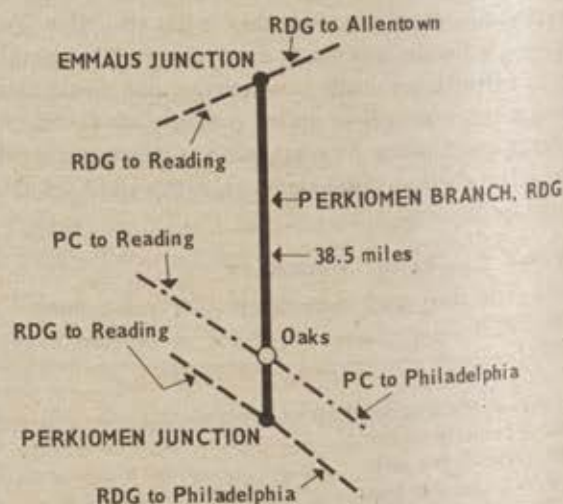
Preliminary Recommendation

Although the preliminary recommendation is that the Doylestown Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$94,183 or \$220 per carload. Recovery of costs would require approximately a six-fold increase in traffic or a 150 percent increase over the 1973 levels. The ultimate disposition of this smaller bankrupt carrier (see Chapter 3) may improve carrier revenue as the acquiring road can "long-haul". The present carloads per mile, however, indicate that the line would not likely be viable under this circumstance.

THE PERKIOMEN BRANCH

USRA Line No. 906

Reading



The Perkiomen Branch, extends from Perkiomen (Milepost 0.0), to Emmaus Junction (Milepost 38.5), a distance of 38.5 miles, in Lehigh, Berks, Montgomery, and Chester Counties, Pennsylvania. At Perkiomen Junction this line connects with the Reading's Philadelphia-to-Pottsville line, and at Emmaus Junction, with the Reading East Pennsylvania Branch. Also at Perkiomen Junction (Oaks, Pa.), the line connects

with the PC Schuylkill Secondary Track, which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zones 66 and 69).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Oaks	3,582
Yerkes	36
Collegeville	58
Greaterford	3
Schwenksville	22
Salford	2
Green Lane	53
Pennsburg	815
Palm	19
Dillinger	2

Total carloads generated by the line	4,592
Average carloads per week	88.3
Average carloads per mile	119.3
Average carloads per train	14.7
1973 operating information:	
Number of round trips per year	312
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that this line generates 110 rail cars per mile. According to Penn. DOT, four firms would be forced to close, and 400 jobs would be lost. Two companies plan to locate along this line; one firm is a trucking company that expects to generate between 800 and 1,000 carloads a year. Pennsylvania's response states that the trucking company that plans on locating on this line has already invested heavily in land and buildings and employed 75 workers. It is necessary that this line remain intact to the PC interchange at Oaks to provide alternate southern routing for oversized shipments (narrow tunnel at Dillinger).

Information for Line Retention Decision

Revenue received by RDG	\$641,983
Average revenue per carload	\$140
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	502,390
Cost of upgrading branch line to FRA class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	477,443
Total variable (avoidable) cost	979,833
Net contribution (loss): total	(337,850)
Average per carload	(74)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

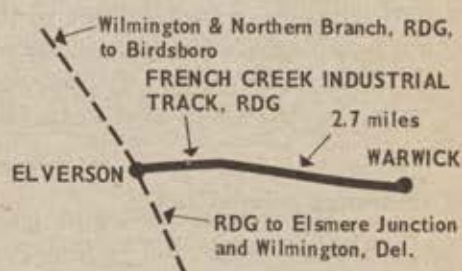
Preliminary Recommendation

It is recommended that service be provided to Oaks. For the remainder of the line, although the preliminary recommendation is that the Perkiomen Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$337,850 or \$74 per carload. Recovery of cost would require approximately a two-fold increase in traffic or a 50 percent rate increase over the 1973 levels.

FRENCH CREEK INDUSTRIAL TRACK

USRA Line No. 908

Reading



The French Creek Industrial Track, extends from Elverson (Milepost 0.0) to Warwick, Pa. (Milepost 2.7), a distance of 2.7 miles, in Chester County, Pa. At Elverson this line connects with the Reading's Wilmington & Northern Branch, which line is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Available information indicates that no shippers are directly served by this line.

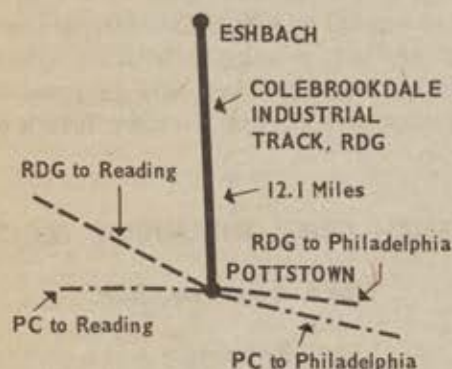
Preliminary Recommendation

It is *not* recommended that the French Creek Industrial Track be included in the ConRail System.

COLEBROOKDALE INDUSTRIAL TRACK, READING

USRA Line No. 909

Penn Central



The Colebrookdale Industrial Track extends from Eshbach (Milepost 0.0) to Pottstown, Pa. (Milepost 12.1), a distance of 12.1 miles, in Montgomery and Berks Counties, Pennsylvania. At Pottstown, this line connects with the Reading's Philadelphia-to-Pottsville Line. This line was described as potentially excess in the U.S. DOT Report of February 1, 1974, except for the portion from Boyertown to Pottstown (see zones 66 and 68).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Pine Forge	14
Colebrookdale	7
Boyertown	1,037
New Berlinville	12
Bechtelsville	23

Total carloads generated by the line	1,093
Average carloads per week	21.0
Average carloads per mile	90.3
Average carloads per train	7.0
1973 operating information:	
Number of round trips per year	156
Estimate time per round trip (hours)	5.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Boyertown Auto Body Works estimated 307 carloads in 1973 and projected 658. The Penn DOT reported that the segment from Eshbach to Boyertown generated 64 carloads of freight in 1973. Superior Underwear Inc. generated 756 tons in 1973. Pennsylvania's response indicates about 200 acres of land along the railroad which are zoned for industrial use.

Information for Line Retention Decision

Revenue received by PC	\$163,408
Average revenue per carload	\$150

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	160,974
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	106,455

Total variable (avoidable) cost 207,429

Net contribution (loss): total	(104,021)
Average per carload	(95)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

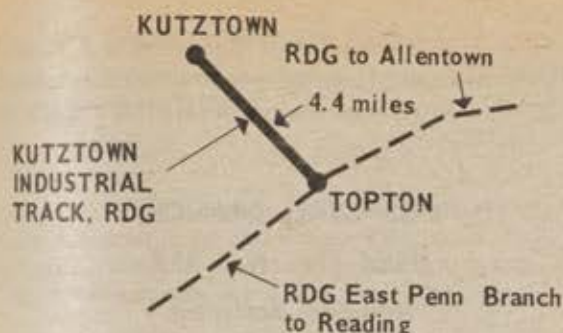
Although the preliminary recommendation is that the Colebrookdale Industrial Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$104,021 or \$95 per carload. Recovery of costs would require approximately a 60 percent rate increase over the 1973 levels. Service to Boyertown will be carefully reviewed.

KUTZTOWN INDUSTRIAL TRACK

USRA Line No. 910

Reading Railroad

The Kutztown Industrial Track, extends from Kutztown (Milepost 0.0), to Topton, Pa. (Milepost 4.4), a distance of 4.4 miles, in Berks County, Pennsylvania. At Topton this line connects with the Reading's East Pennsylvania Branch to Allentown and Reading. This line was described as potentially excess in the U.S. DOT Report (see Zone 68).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Kutztown	408
Total carloads generated by the line	408
Average carloads per week	7.9
Average carloads per mile	92.7
Average carloads per train	2.6
1973 Operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	3.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the PUC estimated 402 annual carloadings along this line.

Information for Line Retention Decision

Revenue received by RDG	\$66,893
Average revenue per carload	\$164
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	65,512
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	35,388
Total variable (avoidable) cost	100,900
Net contribution (loss): total	(34,007)
Average per carload	(83)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

Continuation of freight service on this line cannot be decided at this time. The high carloads per mile but low revenue per car may mean that when the ultimate

structure decision (see Chapter 3) is made, the traffic could be profitable long-haul traffic for ConRail or Chessie.

PORTION OF THE GETTYSBURG AND HARRISBURG BRANCH

USRA Line No. 912

Reading



This portion of the Gettysburg & Harrisburg Branch extends from *Gettysburg* (Milepost 6.3) to *Carlisle Junction, Pa* (Milepost 31.1), a distance of 24.8 miles, in Adams and Cumberland Counties, Pennsylvania. At Gettysburg this line connects with the Western Maryland Ry. to Hagerstown and Baltimore. At Carlisle Junction, this line connects with the Reading's PH&P Branch and it also continues northward to Carlisle. This continuation is also under study in this Report. This line, except for the portion from Gettysburg to Biglerville, was described as potentially excess in the U.S. DOT Report (see Zones 81 and 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Peach Glen	86
Gardners	208
Bendersville	266
Biglerville	959
Gettysburg	71

Total carloads generated by the line	1,590
Average carloads per week	30.6
Average carloads per mile	64.1
Average carloads per train	10.2
1973 operating information:	
Number of round trips per year	156
Estimated time per round trip (hours)	6.0
Locomotive horsepower	2,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the portion between Carlisle Junction and Carlisle has been out of service since Hurricane Agnes in 1972. Knouse Foods has expanded and wishes to build a new siding and shipped 75 carloads in 1973. Eaton Dikeman (pulp) estimated 70 carloads in 1973, employ 92 people and indicated it could not operate without rail service. (Knouse Foods and Eaton Dikeman not on the USRA patron list for this line). Zeigler Brothers (grain) estimated 60 carloads in 1973 and project 285 carloads. Zeigler has just completed a plant expansion and anticipates further expansion if rail service is available. Musselman Fruit estimated 75 carloads in 1973 and operates two interdependent plants at Gardners and Biglerville. Pennsylvania Mineral & Mining estimated 480 carloads and projected 720 carloads. This company has recently installed a new milling system which will increase its rail usage. Pftalzgraff Company projected 110 carloads; recently acquired new plant at Bendersville to commence operations in December 1974. Inland Container Corporation estimated 812 carloads in 1973 and projected 1046 carloads. Allis-Chalmers, in York, uses the line as a high-wide detour from Western Maryland main line, which does not provide sufficient clearance. Ralph Hallock, Allis-Chalmers, testified at Philadelphia that they shipped 121 overdimensional loads in 1973.

Information for Line Retention Decision

Revenue received by RDG.....	\$216,415
Average revenue per carload.....	\$136
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	301,977
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line.....	133,982
Total variable (avoidable) cost.....	435,959
Net contributions (loss): Total.....	(219,544)
Average per carload.....	(138)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

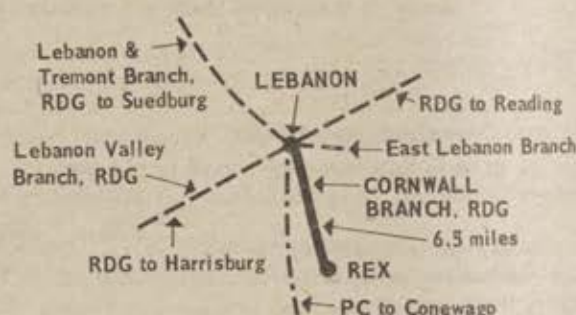
Although the preliminary recommendation is that this portion of the Gettysburg and Harrisburg Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting

to \$219,544 or \$138 per carload. Recovery of costs would require approximately a 265 percent increase in traffic or a 100 percent rate increase over the 1973 levels.

CORNWALL BRANCH

USRA Line No. 914

Reading Railroad



The Cornwall Branch, Reading Railroad, extends from REX (Milepost 0.0), to Lebanon, Pa. (Milepost 6.5), a distance of 6.5 miles, in Lebanon County, Pennsylvania. At Lebanon this line connects with the Lebanon Valley Branch and the Lebanon & Tremont Branch, both of the Reading, and the PC Lebanon Running Track. The Lebanon and Tremont Branch of the Reading is also under study in this Report as is the PC Lebanon Running Track. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Cornwall	6,361
Donaghmore	0
Total carloads generated by the line.....	6,361
Average carloads per week.....	122
Average carloads per mile.....	979
Average carloads per train.....	17
1973 operating information:	
Number of round trips per year.....	365
Estimated time per round trip (hours).....	8
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Penn Central patrons at Cornwall have been served by the Reading since Tropical Storm Agnes in 1972.

Information for Line Retention Decision

Revenue received by RDG	\$1,067,841
Average revenue per carload	\$168
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	351,819
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	580,741
Total variable (avoidable) cost	932,560
Net contribution (loss): total	135,281
Average per carload	21

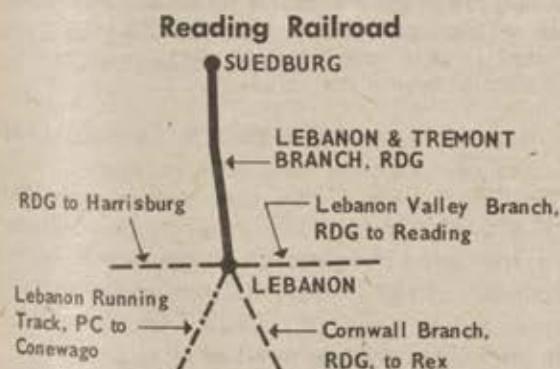
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Recommendation

It is recommended that the Cornwall Branch be included in the ConRail System.

USRA Line No. 915

LEBANON & TREMONT BRANCH



The Lebanon & Tremont Branch extends from Suedburg (Milepost 0.0) to Lebanon, Pa. (Milepost 18.5), a distance of 18.5 miles, in Schuylkill and Lebanon counties, Pennsylvania. At Lebanon, this line connects with the Lebanon Valley Branch and the Cornwall Branch, both of the Reading, and the PC Lebanon Running Track. The RDG. Cornwall Branch is also under study in this Report as is the PC Lebanon Running Track. Reading has filed an abandonment application with USRA, Docket No. 75-63, for a portion of this branch (from Engineering Station 565+60 to Engineering Station 965+69, 7.6 miles). This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Jonestown	113
Indiantown Gap	27
Suedburg	0
Total carloads generated by the line	140

Average carloads per week	2.7
Average carloads per mile	7.6
Average carloads per train	2.7

1973 Operating information:

Number of round trips per year	52
Estimated time per round trip (hours)	3.0
Locomotive horsepower	900
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Penn. DOT reported 708 carloads in 1973. E. H. Gerhart estimated 513 carloads in 1973. Lebanon Packing Corp. estimated 70 carloads, and their new plant at West Jonestown is expected to generate 130 carloads per year. Penn. DOT reported that the Indiantown Gap Military Reservation at Lickdale has a high-priority classification with the National Mobilization Plan and received 409 carloads of coal and military supplies in 1973. Pennsylvania's response indicated two tracts of land adjacent to this line, (259 acres) have recently been purchased for development of industrial parks. Another 47 acre tract is presently being considered by a large foreign manufacturer for construction of their first United States plant. In correspondence submitted to USRA, Mr. E. L. Tennyson, Penn. DOT, opposes abandonment of the portion of this branch from Suedburg south to Lickdale. He states, "Suedburg is located within the southern anthracite field, the largest anthracite field with over 5 billion recoverable tons. Three coal firms, Schneck, Oakwood, and Franklin shipped coal over this track in 1973." The Penn. DOT is aware of the desire to locate a state park in this location and does not oppose such a plan per se. The Lebanon & Tremont Branch formerly ran from Suedburg to Pine Grove and on to Pottsville. If such a linkage were restored so that Suedburg Coal could move northward, then we would not be in opposition to this abandonment."

Information for Line Retention Decision

Revenue received by RDG	\$25,373
Average revenue per carload	\$181
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	153,751
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	00
Cost incurred beyond the branch line	12,166
Total variable (avoidable) cost	165,917
Net contribution (loss): total	(140,544)
Average per carload	(1,004)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

An evaluation of coal reserves by USRA staff indicates there is a fight over land on this line between the State and Schuylkill County. The State has purchased land for a State park and the County has instituted legal proceedings to block it (the County opposes this abandonment). The largest operator (Schneck) shipped 24,000 tons of coal in 1974 (375 cars).

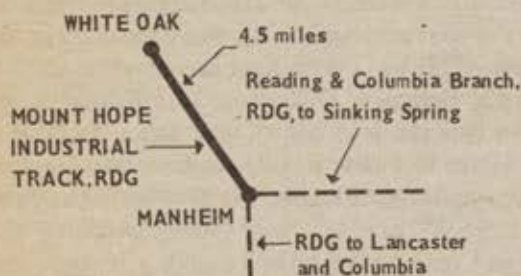
Preliminary Recommendation

It is *not* recommended that the Lebanon & Tremont Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$140,544 or \$1,004 per carload. Recovery of costs would require approximately an eleven-fold increase in traffic or a 555 per cent rate increase over the 1973 levels.

MOUNT HOPE INDUSTRIAL TRACK

USRA Line No. 916

Reading Railroad



The Mount Hope Industrial Track, extends from Manheim (Milepost 0.0) to White Oak, Pa. (Milepost 4.5), a distance of 4.5 miles, in Lancaster County, Pennsylvania. At Manheim, this line connects with the Reading & Columbia Branch of the Reading, which is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

White Oak	42
Total carloads generated by the line	42
Average carloads per week	0.8
Average carloads per mile	9.3
Average carloads per train	0.8

1973 Operating Information:

Number of round trips per year	52
Estimated time per round trip (hours)	2.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Pennsylvania DOT estimated annual freight traffic was 130 carloads, or 26 carloads per mile on this line. Three rail users were identified: Myers Propane Gas Service (not on the Reading's patron list), Roman's Mosaic and Tile Co. and White Oak Mills. The PC patron list also shows Bamberger's as a patron on this line. Myers Propane Gas recently made an investment in tank cars and projected its future rail usage would be about 50 cars per year.

Information for Line Retention Decision

Revenue received by Reading	\$5,015
Average revenue per carload	\$96
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	39,020
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	4,580
Total variable (avoidable) cost	43,600
Net contribution (loss): total	(38,585)
Average per carload	(919)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that the Mount Hope Industrial Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$38,597 or \$919 per carload. Recovery of costs would require approximately a 100-fold increase in traffic or a 960 percent rate increase over the 1973 levels.

PORTION OF THE READING AND COLUMBIA BRANCH

USRA Line No. 917

Reading

This portion of the Reading & Columbia Branch extends from Columbia (Milepost 28.3) to Lancaster



Junction, Pa. (Milepost 39.7), a distance of 11.4 miles, in Lancaster county, Pennsylvania. At Lancaster Junction, this line continues northeast to Sinking Spring and Reading and southeast to Lancaster. Both of these continuations are also under study in this Report. At Landisville, this line intersects the PC Philadelphia-to-Pittsburgh Line, which also is under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lancaster Junction	0
Landisville	398
Brookarts	0
Cordella	0
Columbia	1,309
Total carloads generated by the line	1,707
Average carloads per week	32.8
Average carloads per mile	149.7
Average carloads per train	6.6
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Penn. DOT estimated an average of 321 carloads per mile (3,636 cars for 11.3 miles). Businesses at Columbia cannot be serviced by the PC because the interchange between Reading and the PC was destroyed by Hurricane Agnes in 1972. There is also no interchange between PC and Reading

at Landisville. Representative Harry Gring also believed the Branch met DOT carload requirements. Amherst Industries in Landisville repairs and manufactures non-railroad owned tank, box, and hopper cars, in addition to doing conversion work for the Defense Department. Information received from Gerald L. Hoch, ITT Grinnell Corp., indicates they generated 1,163 inbound cars and 253 outbound cars in 1973. Forecasts for 1974 indicated their inbound carloads would increase by 15% and outbound by 25%. Mr. Hoch also stated that if the Reading line from Denver to Sinking Springs is abandoned, it would deny the company access to the Reading Philadelphia to Lurgan Line and through service to Chessie and N&W.

Information for Line Retention Decision

Revenue received by Reading	\$299,445
Average revenue per carload	\$175
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	223,809
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond branch line	179,797
Total variable (avoidable) cost	403,606
Net contribution (loss): total	(104,161)
Average per carload	(61)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Information received from Pennsylvania's response indicates Armstrong Cork Co. recently purchased 130 acres of industrial land on this line, and Pennsylvania Malleable Iron Division of Gulf Western will double its size due to the demand for roof bolts used in coal mining.

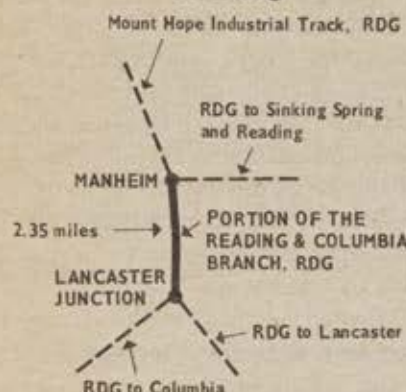
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Reading & Columbia Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$104,161 or \$61 per carload. Recovery of costs would require approximately an 85 percent increase in traffic or a 35 percent rate increase over the 1973 levels. The ultimate disposition of this smaller bankrupt carrier (see Chapter 3) may impact on profitability of this line. The present carloads per mile indicate that the line would likely be viable under this circumstance.

PORTION OF READING & COLUMBIA BRANCH

USRA Line No. 918

Reading



This portion of the Reading & Columbia Branch extends from *Manheim* (Milepost 25.9) to *Lancaster Junction, Pa.* (Milepost 28.25), a distance of 2.35 miles, in Lancaster County, Pa. At Manheim this line continues northeastward to Sinking Spring and Reading, and at Lancaster Junction the line splits with one segment going to Lancaster and the other to Columbia. All of these continuations are under study in this Report. At Manheim the line also connects with the RDG Mount Hope Industrial Track, which is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers.

Preliminary Recommendation

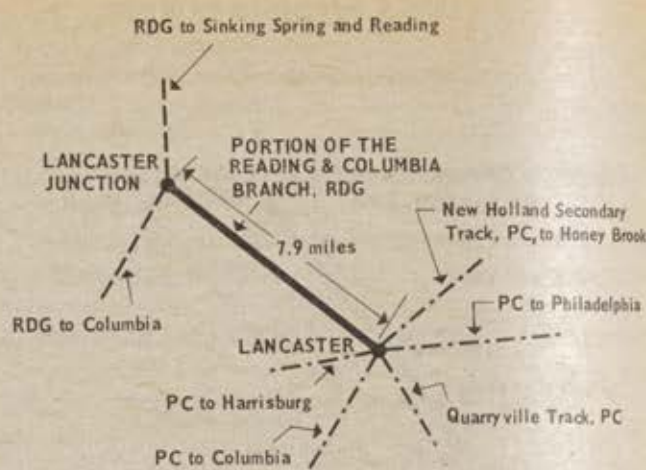
It is *not* recommended that this portion of the Reading & Columbia Branch be included in the ConRail System.

PORTION OF READING & COLUMBIA BRANCH

USRA Line No. 919

Reading

This portion of the Reading & Columbia Branch, extends from *Lancaster Junction* (Milepost 0.0) to *Lancaster, Pa.* (Milepost 7.9), a distance of 7.9 miles, in Lancaster county, Pennsylvania. At Lancaster Junction this line continues northeastward to Sinking Spring and



Reading. A portion of the line also continues southwestward to Columbia. Both of these continuations are also under study in this Report. At Lancaster this line connects with the following PC lines: the Columbia Branch, the Quarryville Track, and the Philadelphia-to-Pittsburgh line. These lines are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

East Petersburg	95
Lancaster	3,142

Total carloads generated by the line	3,237
Average carloads per week	62.3
Average carloads per mile	409.8
Average carloads per train	10.4
1973 operating information:	
Number of round trips per year	312
Estimated time per round trip (hours)	8.0
Locomotive horsepower	600
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by RDG	\$604,404
Average revenue per carload	\$187

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	257,873
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	327,859
Total variable (avoidable) cost	585,732
Net contribution (loss): total	18,672
Average per carload	6

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

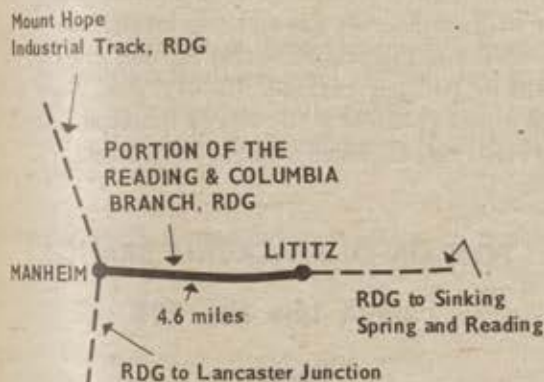
Recommendation

It is recommended that this portion of the Reading & Columbia Branch be included in the ConRail System.

PORTION OF READING & COLUMBIA BRANCH

USRA Line No. 920

Reading



This portion of the Reading & Columbia Branch extends from *Manheim* (Milepost 0.0) to *Lititz, Pa.* (Milepost 4.6), a distance of 4.6 miles, in Lancaster County, Pennsylvania. Continuations of this line extend southward from Manheim and eastward from Lititz. At Manheim this line also connects with the Mount Hope Industrial Track of the Reading. All of these lines are also under study in the Report. This line was not described as potentially excess in the U.S. DOT Report (see zone 67).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Lime Rock	25
Manheim	1,329
Total carloads generated by the line	
Average carloads per week	26.0
Average carloads per mile	294.4
Average carloads per train	4.3
1973 operating information:	
Number of round trips per year	312
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,500
Train crew size	5.0

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their report entitled "The

Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by RDG	\$231,803
Average revenue per carload	\$171

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	199,276
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	146,359
Total variable (avoidable) cost	345,635

Net contribution (loss): total	(113,832)
Average per carload	(84)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

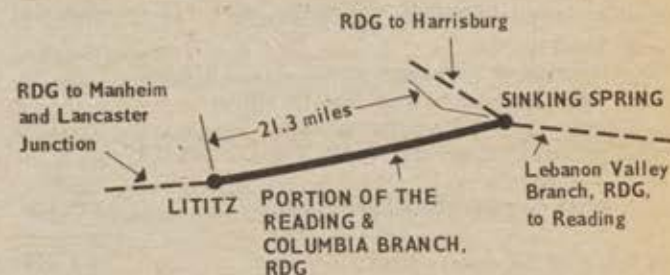
Preliminary Recommendation

It is *not* recommended that this portion of the Reading & Columbia Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$113,832 or \$84 per carload. Recovery of costs would require approximately a 130 percent increase in traffic or a 50 percent rate increase over the 1973 levels. The ultimate disposition of this smaller bankrupt carrier (see Chapter 3) may improve profitability of this line. The present carloads per mile indicate that the line should be viable.

PORTION OF READING & COLUMBIA BRANCH

USRA Line No. 920a

Reading



This portion of the Reading & Columbia Branch extends from *Lititz* (Milepost 4.6) to *Sinking Spring, Pa.*

(Milepost 25.9) a distance of 21.3 miles, in Lancaster and Berks Counties, Pa. At Lititz this line continues westward and southward through Manheim to Lancaster Junction where it forks into two segments. This continuation is also under study in this Report. At Sinking Spring this line connects with the Reading's Lebanon Valley Branch. This line, except for the portion between Lititz and Denver, was described as potentially excess in the U.S. DOT Report (see Zones 67 and 68).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Montello	0
Reinholds	71
Denver	379
Stevens	79
Ephrata	866
Akron	2
Millway	0
Lititz	1,335

Total carloads generated by the line	2,732
Average carloads per week	52.6
Average carloads per mile	128.4
Average carloads per train	8.8
1973 operating information:	
Number round trips per year	312
Estimated time per round trip (hours)	8.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shipping, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Gehmen's Feed Mill receives 336 carloads of grain a year from Sinking Spring, and they estimate use of trucks would increase their cost \$2,800 more per week.

Information for Line Retention Decision

Revenue received by RDG	\$461,908
Average revenue per carload	\$169
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	370,653
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	245,271
Total variable (avoidable) cost	615,924
Net contribution (loss): total	(154,016)
Average per carload	(56)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

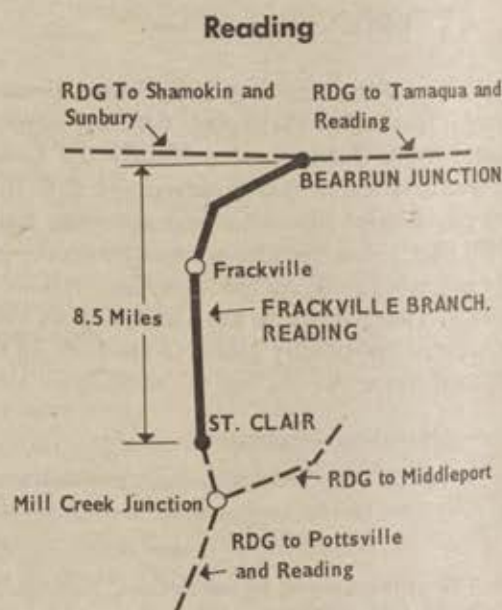
F. W. Woolworth, which has a plant at Denver scheduled for completion in November 1974, considers the operation of this entire branch line vital to its plant. Pennsylvania's response indicated that Woolworth's would generate 1,000 carloads per year and anticipates employing 350 people.

Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Reading & Columbia Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$154,016 or \$56 per carload. Recovery of costs would require approximately a 70 percent increase in traffic or a 30 percent rate increase over the 1973 levels.

PORTION OF FRACKVILLE BRANCH

USRA Line No. 921



This portion of the Frackville Branch, part of the Reading Co., extends from St. Clair to Bear Run Junction, between Milepost 4.0 and 9.6 and Milepost 2.9 and 0.0, a distance of 8.5 miles, in Schuylkill County, Pa. At St. Clair it connects with the remainder of the Frackville Branch of the Reading extending southward toward Pottsville. At Bear Run Junction it connects with the Mahanoy and Shamokin Branch of the Reading extending westward to Shamokin and eastward to East Mahanoy Junction. This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

St. Clair	43
Frackville	346
Gilberton	2

Total carloads generated by the line	391
Average carloads per week	7.5
Average carloads per mile	46.0
Average carloads per train	3.8
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	4
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by RDG	\$74,305
Average revenue per carload	\$190
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	96,991
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	40,299
Total variable (avoidable) cost	137,290
Net contribution (loss): total	(62,985)
Average per carload	(161)

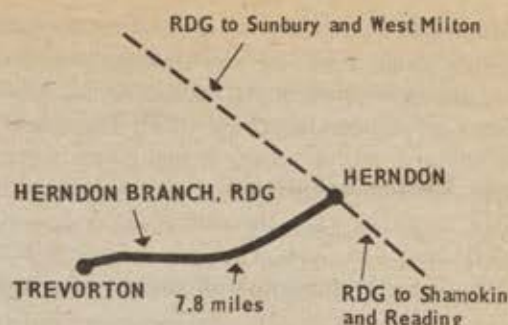
This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Preliminary Recommendation

No decision can be made on this line until further information on coal traffic and potential is developed.

HERNDON BRANCH**USRA Line No. 922****Reading**

This portion of the Herndon Branch extends from Trevorton (Milepost 0.0) to Herndon, Pa. (Milepost 7.8) a distance of 7.8 miles, in Northumberland County, Pennsylvania. At Herndon, this line connects with the RDG line between Reading, Shamokin and West Milton. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

**Traffic and Operating Information**

Stations (with their 1973 carloads) served by this line:

Kulps	1
Trevorton	2

Total carloads generated by the line	3
Average carloads per week	0.1
Average carloads per mile	0.4
Average carloads per train	0.5
1973 Operating Information:	
Number of round trips per year	6
Estimated time per round trip (hours)	6.0
Locomotive horsepower	3,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that Waste Management Corp., which paid \$2 million in freight charges to the Reading in 1973, stated rail service was essential for hauling solid waste from Philadelphia to the strip mines. David M. Blomberg, representing Waste Management, testified that with 10% of all waste is going to abandoned pits. Potential business for Reading is 233 carloads a year. An evaluation of coal reserves by USRA staff indicates the Reading Anthracite Coal Co. shipped 56,887 net tons in 1974, or 890 cars. Between Trevorton and Dunkelsberger, no coal traffic exists today.

Information for Line Retention Decision

Revenue received by RDG	\$483
Average revenue per carload	\$161
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	65,066
Cost of upgrading branch line to FRA Class I: (1/10 of the total upgrading cost)	0
Cost incurred beyond branch line	392
Total variable (avoidable) cost	65,458
Net contribution (loss): total	(64,975)
Average per carload	(21,658)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class 1 track, which has a maximum safe operating speed of 10 m.p.h.).

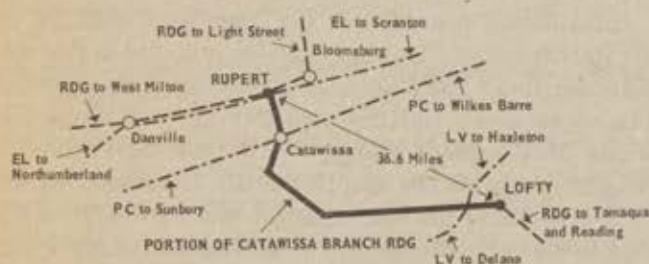
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Herndon Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$64,975 or \$21,658 per carload. Recovery of costs would require approximately a four-hundred-fold increase in traffic or a 4,484 percent rate increase over the 1973 levels.

PORTION OF THE CATAWISSA BRANCH

USRA Line No. 923

Reading



This portion of the Catawissa Branch extends from *Lofty* (Milepost 110.5) to *Rupert, Pa.* (Milepost 147.1), a distance of 36.6 miles, in Columbia and Schuylkill Counties, Pa. This line connects with the Erie-Lackawanna Scranton-Northumberland line at Rupert and the Reading Bloomsburg Branch. It is also crossed by the PC's Dan Secondary Track at Norca (Catawissa). The PC line and the continuation of the Reading line to West Milton are also under consideration in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Brandonville	1
Ringtown	109
Catawissa	85
Total carloads generated by the line	195
Average carloads per week	3.8
Average carloads per mile	5.3
Average carloads per train	3.8

1973 operating information:

Number round trips per year	52
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the Catawissa Lumber and Specialty Co. estimated 73 carloads in 1973; A. J. Balshi estimated 30 carloads in 1973. Three of the shippers are located at the Ringtown Industrial Park which still has available industrial sites. The Brandonville Industrial Park is under development, with over \$1 million invested.

Information for Line Retention Decision

Revenue received by RDG	\$35,144
Average revenue per carload	\$180

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	268,404
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	21,561

Total variable (avoidable) cost

Net contribution (loss): total	(254,821)
Average per carload	(1,302)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a minimum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

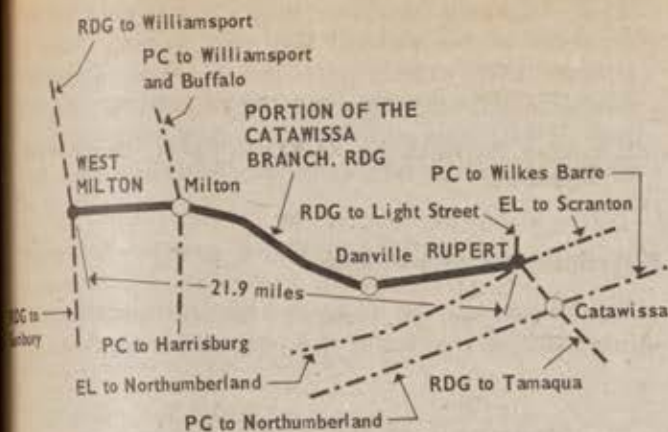
Although the preliminary recommendation is that the Catawissa Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$254,821 or \$1,307 per carload. Recovery of costs would require approximately an eight-fold increase in traffic or a 725 percent rate increase over the 1973 levels.

CATAWISSA BRANCH

USRA Line No. 924

Reading

This portion of the Catawissa Branch, Reading RR, extends from *Rupert* (Milepost 147.1) to *West Milton, Pa.* (Milepost 169.0), a distance of 21.9 miles, in Union,



Northumberland, Montour, and Columbia Counties, Pennsylvania. Continuations of this line extend northward from West Milton and southeastward from Rupert. At West Milton, this line connects with the Reading Shamokin, Sunbury & Lewisburg Branch. Other connections are the PC Harrisburg-to-Buffalo Line at Milton and the Erie Lackawanna Scranton-Northumberland line at Rupert. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Danville	107
Mausdale	3
Pottsgrove	14

Total carloads generated by the line	124
Average carloads per week	2.4
Average carloads per mile	5.7
Average carloads per train	2.4
1973 operating information:	
Number of round trips per year	52
Estimated time per round trip (hours)	5.0
Locomotive horsepower	1,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that the Kennedy Van Saun Corporation (estimated 150 carloads in 1973) manufacturers equipment that must be transported on two connecting rail cars. Trucking is not a viable alternative for Kennedy Van Saun nor for Gold Band Bldg. Products which ships large rolls of paper. ACF Inc. (estimated 100 carloads in 1973) and CECO Corporation (estimated 1328 carloads in 1973) each have two plants that are connected by the segment which connects West Milton and Milton, and they would have to ship their goods an additional 120 miles if the line were closed. Discontinuation of service

would also make it impossible for the Milton Plants to receive raw materials by rail from the north. Pennsylvania's response confirms a railroad car manufacturer (ACF) on this line employing 800. Pennsylvania's response also indicates a 700 acre industrial park at Milton is designed with rail sidings directly connected to this line.

Information for Line Retention Decision

Revenue received by RDG	\$16,979
Average revenue per carload	\$137

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	172,754
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	12,825

Total variable (avoidable) cost	185,579
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Net contribution (loss): total	(168,600)
Average per carload	(1,360)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). An evaluation of coal reserves by USRA staff indicates no significant reserves or potential loading points along this line.

Preliminary Recommendation

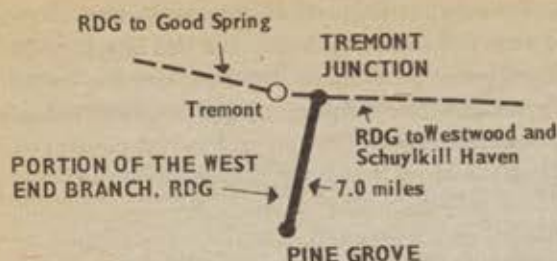
It is *not* recommended that this portion of the Catawissa Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$168,600 or \$1,360 per carload. Recovery of costs would require approximately a 40-fold increase in traffic or a \$990 rate increase over the 1973 levels.

PORTION OF THE WEST END BRANCH

USRA Line No. 925

Reading

This portion of the West End Branch extends from Tremont (Milepost 22.9) to Pine Grove, Pa. (Milepost 29.9) a distance of 7.0 miles, in Schuylkill County, Pa. At Tremont this line splits with one segment continuing westward to Good Spring and the other continuing eastward to Westwood. Both of these continuations are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Pine Grove.....	253
Tremont.....	0
Total carloads generated by the line.....	
Average carloads per week.....	4.9
Average carloads per mile.....	36.1
Average carloads per train.....	1.6
1973 operating information:	
Number of round trips per year.....	104
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	3,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Penn. DOT estimated 624 carloads per year on this line. Pennsylvania's response indicated one firm, employing 400 people, stated that if service was lost, it would increase their costs of production by 20% and severely limit their ability to remain competitive. Two coal companies are entirely dependent on the continuation of rail service; however, both are now shipping by truck to Suedberg as their sidings were destroyed during the flood of 1972. Both of these coal companies function as processors, so that many independent mine operators are dependent on them for service.

Information for Line Retention Decision

Revenue received by RDG.....	\$35,477
Average revenue per carload.....	\$140
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	75,716
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	24,956
Total variable (avoidable) cost.....	100,672
Net contribution (loss): total.....	(65,195)
Average per carload.....	(256)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). An evaluation of coal reserves by USRA staff confirms there is an active loading facility on this line and traffic may increase.

Preliminary Recommendation

No decision can be made on this line until further information on coal traffic and potential is developed.

PORTION OF WEST END BRANCH

USRA Line No. 926

Reading



This portion of the West End Branch extends from Tremont (Milepost 29.9) to Good Spring, Pa. (Milepost 35.3), a distance of 5.4 miles, in Schuylkill County, Pennsylvania. At Tremont, this line continues eastward through Tremont Junction to Westwood. At Tremont Junction, the line splits with one segment continuing southward to Pine Grove. All of these continuations are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Good Spring.....	16
Total carloads generated by the line.....	
Average carloads per week.....	0.3
Average carloads per mile.....	3.0
Average carloads per train.....	0.5
1973 operating information:	
Number of round trips per year.....	32
Estimated time per round trip (hours).....	6.0
Locomotive horsepower.....	3,000
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their

reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicates that Frederic Potts & Co., a coal producer, stated 90% of its product must be shipped by rail because of the high cost of shipping coal long distances. The Kocher Coal Co. at Good Spring shipped 135,128 tons (or 211 carloads) in 1974.

Information for Line Retention Decision

Revenue received by ¹ RDG.....	\$2,180
Average revenue per carload.....	\$136
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	53,717
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch.....	
Cost incurred beyond the branch line.....	1,600
Total variable (avoidable) cost.....	55,317
Net contribution (loss): total.....	(53,137)
Average per carload.....	(3,321)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of m.p.h.).

An evaluation of coal reserves by USRA staff indicates there are active loading facilities on this line and traffic may increase. This coal traffic is billed at West Cressona and does not appear in the carloadings or revenues reported above.

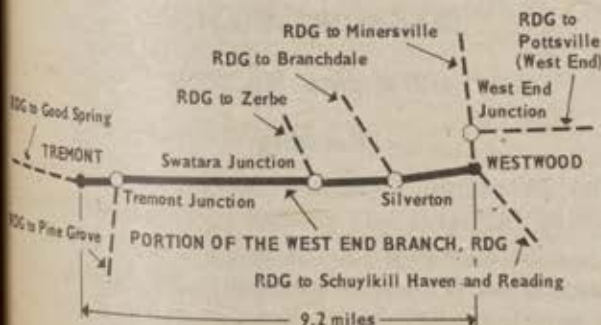
Recommendation

No decision can be made on this line until further information on the potential for coal traffic is developed.

PORTION OF THE WEST END BRANCH

USRA Line No. 929

Reading



This portion of the West End Branch, extends from Westwood (Milepost 0.0) to Tremont, Pa. (Milepost 9.2), a distance of 9.2 miles, in Schuylkill County, Pa. At Tremont, this line continues to Good Spring and to

Pine Grove. At Westwood, this line continues to Schuylkill Haven. All continuations (except to Schuylkill Haven) are also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

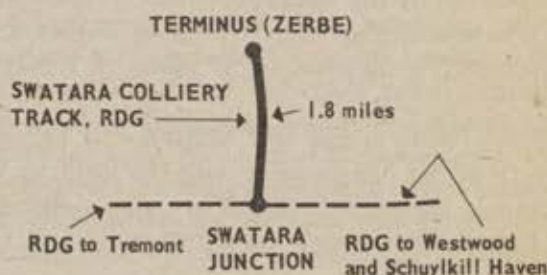
An evaluation of coal reserves by USRA staff indicates there are active loading facilities on this line. Manbeck Coal Co. shipped 36,967 tons or 578 carloads in 1974. The coal generated by this line is billed at West Cressona and does not appear in the above traffic data.

Recommendation

It is recommended that this portion of the West End Branch be included in the ConRail System.

SWATARA COLLIERY TRACK

USRA Line No. 930



The Swatara Colliery Track, extends from Swatara Junction, Pa. (Milepost 0.0) to Terminus (Milepost 1.8), a distance of 1.8 miles, in Schuylkill County, Pa. At Swatara Junction, this line connects with the Reading West End Branch, portions of which are also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 82).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

An evaluation of coal reserves by USRA staff confirms there is an active loading facility on this line:

Swatara Coal Company who shipped 36,188 net tons, or 565 carloads, in 1974. The coal generated on this line is billed at West Cressona and therefore does not appear in the above traffic data.

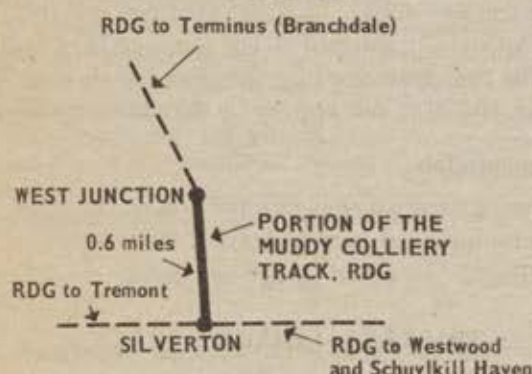
Recommendation

It is recommended that the Swatara Colliery Track be included in the ConRail System.

PORTION OF MUDDY COLLIERY TRACK

USRA Line No. 931

Reading



This portion of the Muddy Colliery Track extends from *Silverton* (Milepost 2.0) to *West Junction, Pa.* (Milepost 2.6), a distance of 0.6 miles, in Schuylkill County, Pa.

At West Junction, this line continues to Terminus. At Silverton, this line connects with the Reading West End Branch, segments of which are also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 82).

Information Provided by RSPO, Shippers, Government, Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

An evaluation of coal reserves by USRA staff confirms no coal activity here. Available data indicates that there is no traffic generated by this line.

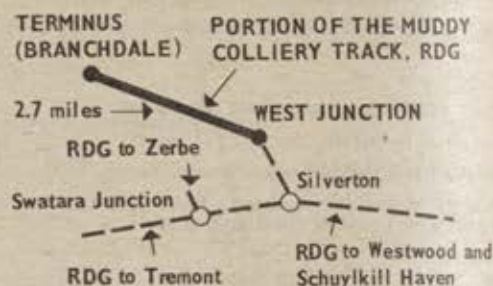
Preliminary Recommendation

It is *not* recommended that this portion of the Muddy Colliery Track be included in the ConRail System.

PORTION OF THE MUDDY COLLIERY TRACK

USRA Line No. 932

Reading



This portion of the Muddy Colliery Track extends from *West Junction, Pa.* (Milepost 0.0) to *Terminus* (Milepost 2.7), a distance of 2.7 miles, in Schuylkill County, Pa.

At West Junction, this line continues to the Reading West End Branch at Silverton. This continuation is also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 82).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

An evaluation of coal reserves by USRA staff confirms no coal activity here. Available information indicates that no traffic is generated by this line.

Preliminary Recommendation

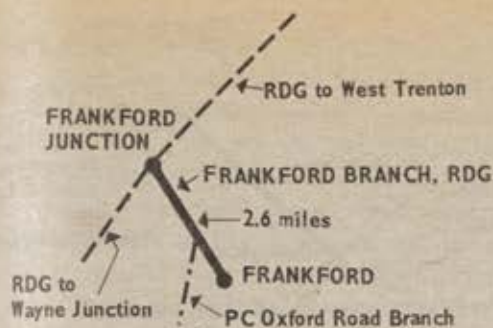
It is *not* recommended that this portion of the Muddy Colliery Track be included in the ConRail System.

FRANKFORD BRANCH

USRA Line No. 933

Reading

The Frankford Branch extends from *Frankford Junction* (Milepost 8.1) to *Frankford, Pa.* (Milepost 10.7), a distance of 2.6 miles, in Philadelphia County, Pennsylvania. This line is in northeast Philadelphia and runs from Frankford Junction on the RDG. Co. freight line to New York eastward to Frankford. There is a connection to the PC Oxford Road Branch at Sears, also being studied in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Crescentville	1
Summerdale	1,762
Frankford	6

Total carloads generated by the line	1,769
Average carloads per week	33.9
Average carloads per mile	678.9
Average carloads per train	6.8
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that there are 1,743 carloads annually (599 of which are Sears). Sears is also served by the PC's Oxford Road Branch (2,400 cars in 1973) but its use of the Oxford Road Branch is restricted because of an underpass with low clearance. The Frankford Branch can accommodate hi-cube box cars.

Information for Line Retention Decision

Revenue received by RDG	\$309,107
Average revenue per carload	\$175

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	113,088
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	92,586
Total variable (avoidable) cost	205,674

Net Contribution (loss): total	103,433
Average per carload	59

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

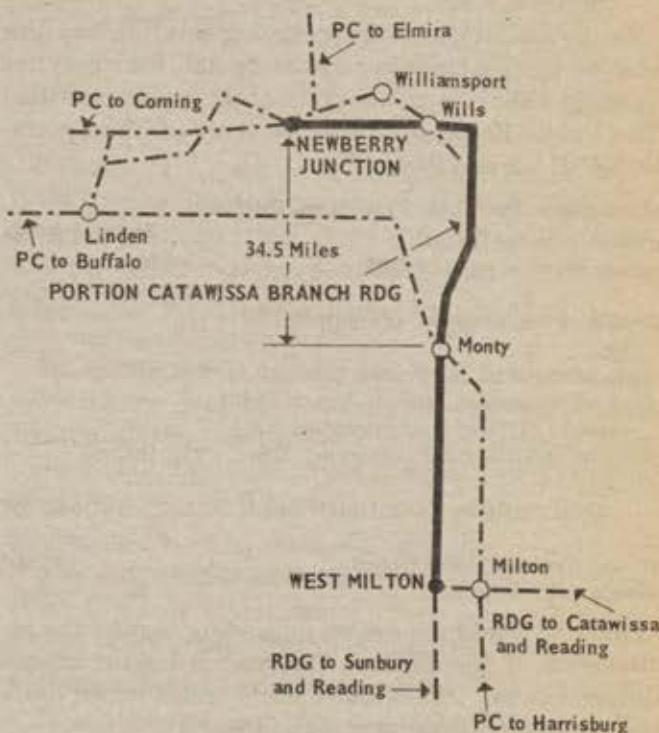
Recommendation

It is recommended that the Frankford Branch be included in the ConRail System.

PORTION OF CATAWISSA BRANCH

USRA Line No. 934

Reading



This portion of the Catawissa Branch of the Reading Company extends from *Newberry Junction* (Milepost 169.0) to *West Milton* (Milepost 203.5), a distance of 34.5 miles, in Lycoming, Union and Northumberland Counties, Pa. At Wells this line crosses Penn Central's Williamsport Secondary extending to Williamsport and connects at Newberry Junction with the Penn Central line extending westward to Buffalo and Harrisburg. It also crosses this line at Monty. At West Milton, the line connects with the Reading Co. Shamokin, Sunbury and Lewisburg Branch extending south to Lewisburg and Sunbury. This line was not described as potentially excess in the U.S. DOT Report (see Zones 73 and 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Columbia	2,008
Allenwood	2
Montgomery	8
Muncy	1,442
Halls	2
Montoursville	648
Williamsport	3,087
Newberry Junction	2

Total carloads generated by the line	7,195
Average carloads per week	138.3
Average carloads per mile	208.5
Average carloads per train	27.7

1973 operating information:

Number of round trips per year.....	200
Estimated time per round trip (hours).....	5.0
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by RDG.....	\$1,452,753
Average revenue per carload.....	\$202

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	524,895
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	759,163

Total variable (avoidable) cost..... 1,284,058

Net contribution (loss): total.....	168,695
Average per carload.....	23

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

An evaluation of coal reserves by USRA staff confirms no anthracite coal; however, a new bituminous coal producer is trucking coal from north of Newberry Jct. to the Reading Branch at Newberry Jct. and loading it there. In 1974, they loaded 56,164 tons (749 carloads).

Recommendation

It is recommended that this portion of the Catawissa Branch be included in the ConRail System.

STONY CREEK BRANCH

USRA Line No. 935

Reading

The Stony Creek Branch extends from *Norristown* (Milepost 0.0) to *Lansdale, Pa.* (Milepost 10.0), a distance of 10.0 miles, in Montgomery County, Pa. At Norristown this line connects with the Reading Norristown Branch, and the Reading Philadelphia to Pottsville Line. At Lansdale it connects with the Reading Philadelphia to Bethlehem Line, and the Reading Doylestown Branch. The Reading Doylestown Branch is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 66).



Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Belfry.....	3
Hartranft.....	18

Total carloads generated by the line..... 21

Average carloads per week.....	0.4
Average carloads per mile.....	2.1
Average carloads per train.....	0.5

1973 operating information:

Number of round trips per year.....	42
Estimated time per round trip (hours).....	2.0
Locomotive horsepower.....	1,200
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." This line is being considered by SEPTA for electrified commuter passenger service, but no decision has been made. USRA staff has requested SEPTA to complete a detailed inventory of its passenger service needs.

Information for Line Retention Decision

Revenue received by Reading.....	\$2,868
Average revenue per carload.....	\$136

Variable (avoidable) cost of continued service:

Cost incurred on the branch line.....	77,208
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	0
Cost incurred beyond the branch line.....	2,032

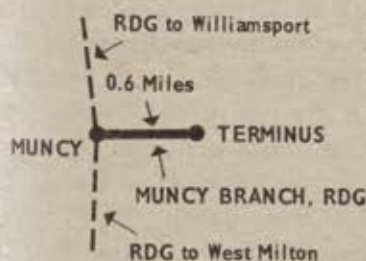
Total variable (avoidable) cost..... 79,240

Net contribution (loss): total.....	(76,372)
Average per carload.....	(3,636)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

Preliminary Recommendation

It is *not* recommended that the Stony Creek Branch be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under the 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$76,372 or \$3,636 per carload. Recovery of costs would require approximately a ninety-fold increase in traffic or a 2,675 per cent rate increase over the 1973 levels.

PORTION OF READING AT MUNCY**USRA Line No. 946****Reading**

This portion of the Reading at *Muncy* extends from Milepost 0.0 to Milepost 0.6, a distance of 0.6 mile, in Lycoming County, Pa. This line runs from Muncy to Terminus. It connects at Muncy with the Reading line which runs between West Milton and Williamsport. This line was not described as potentially excess in the U.S. DOT Report (see Zone 73).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

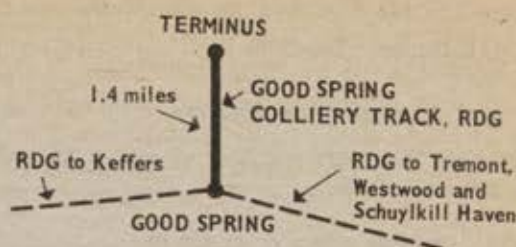
All traffic generated by this line is billed to USRA Segment 934 which is recommended for inclusion in the ConRail system.

Recommendation

It is recommended that this portion of the Reading at Muncy be included in the ConRail system.

GOOD SPRING COLLIERY TRACK**USRA Line No. 947****Reading**

The Good Spring Colliery Track extends from *Good Spring, Pa.* (Milepost 0.0), to *Terminus* (Milepost 1.4),



a distance of 1.4 miles, in Schuylkill County, Pa. At Good Spring, this line connects with the Reading West End Branch, also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 82).

Information Provided by RSPO, Shippers, Government Agencies

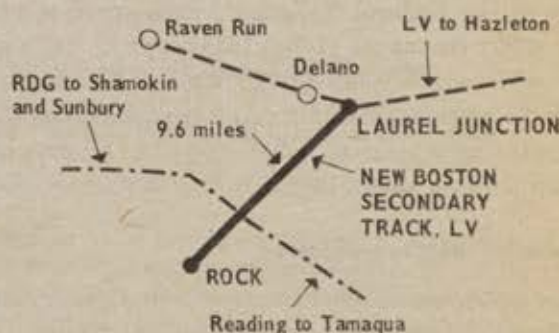
No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

The coal traffic generated by this line is billed at West Cressona and therefore does not appear in the traffic, revenue and cost data reported above.

Recommendation

It is recommended that the Good Spring Colliery Track be included in the ConRail System.

NEW BOSTON SECONDARY TRACK**USRA Line No. 1007****Lehigh Valley Railroad**

The New Boston Secondary Track extends from *Laurel Junction* (Milepost 157.5) to *Rock, Pa.* (Milepost 167.1), a distance of 9.6 miles, in Schuylkill County, Pa. At Laurel Junction, this line connects with the Lehigh Valley line to Hazleton and the Lehigh Valley Delano Secondary Track to Kohinoor Junction. A portion of the latter line is also under study in this Report.

This line was not described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Buck Mountain College.....	8
Total carloads generated by the line.....	8
Average carloads per week.....	0.2
Average carloads per mile.....	0.8
Average carloads per train.....	0.5
1973 operating information:	
Number of round trips per year.....	16
Estimated time per round trip (hours).....	2
Locomotive horsepower.....	800
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by LV.....	\$1,900
Average revenue per carload.....	\$238
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	68,206
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost).....	7,321
Cost incurred beyond the branch line.....	545
Total variable (avoidable) cost.....	76,072
Net contribution (loss): total.....	(74,172)
Average per carload.....	(9,272)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,500 crossties (an average of 156 crossties per mile).

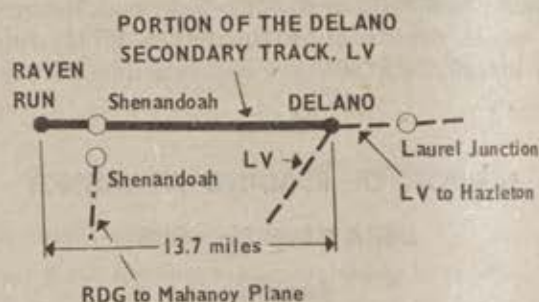
Preliminary Recommendation

It is *not* recommended that the New Boston Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$74,172 or \$9,272 per carload. Recovery of costs would require approximately a fifty-four-fold increase in traffic or a 3,895 percent rate increase over the 1973 levels.

PORTION OF THE DELANO SECONDARY TRACK

USRA Line No. 1008

Lehigh Valley



This portion of the Delano Secondary Track, extends from Delano (Milepost 158.4) to Raven Run, Pa. (Milepost 172.1), a distance of 13.7 miles, in Schuylkill County, Pa. Continuations of this line extend eastward from Delano and westward from Raven Run. The section of this line from Raven Run to Shenandoah has been abandoned for several years. This line was described as potentially excess in the U.S. DOT Report (see Zone 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Delano.....	174
Park Place.....	2
Raven Run.....	1
Total carloads generated by the line.....	177
Average carloads per week.....	3.4
Average carloads per mile.....	12.9
Average carloads per train.....	3.2
1973 operating information:	
Number of round trips per year.....	55
Estimated time per round trip (hours).....	1.0
Locomotive horsepower.....	800
Train crew size.....	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Pennsylvania's response stated that the five mile section from Shenandoah to Raven Run has been abandoned for several years, but that from Shenandoah to the Luzerne County line, there were companies shipping 707 carloads per year. Two companies are developing industrial parks at Delano.

Information for Line Retention Decision

Revenue received by LV	\$21,791
Average revenue per carload	\$123
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	78,989
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	16,441
Cost incurred beyond the branch line	15,382
Total variable (avoidable) cost	110,812
Net contribution (loss): Total	(89,021)
Average per carload	(503)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 1,900 crossties (an average of 181 crossties per mile).

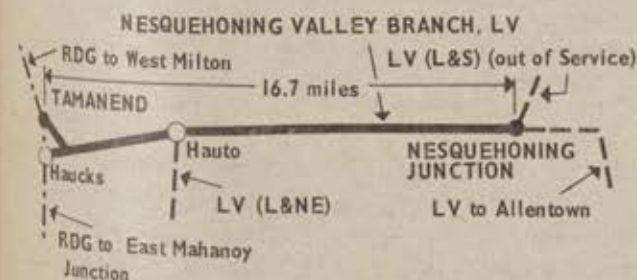
Preliminary Recommendation

Although the preliminary recommendation is that this portion of the Delano Secondary Track not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$89,021 or \$503 per carload. Recovery of costs would require approximately a fourteen-fold increase in traffic or a 410 percent rate increase over the 1973 levels.

NESQUEHONING VALLEY BRANCH

USRA Line No. 1009

Lehigh Valley



The Nesquehoning Valley Branch of the Lehigh Valley, extends from Nesquehoning Junction (Milepost 0.0) to Tamanend, Pa. (Milepost 16.7), a distance of 16.7 miles, in Carbon and Schuylkill Counties, Pa. This line connects with the Lehigh & New England Ry. at

Hauto. At Nesquehoning Junction this line connects with the LV line south to Packerton and north to Hetchell. The former line is also under study in this Report. The latter is out of service with the track partially removed. This line, except for the portion from Nesquehoning to Hometown, was described as potentially excess in the U.S. DOT Report (see zones 70 and 82).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Nesquehoning	25
Hauto	34
Hometown	426
Haucks	4
Total carloads generated by the line	489
Average carloads per week	9.4
Average carloads per mile	29.3
Average carloads per train	5.2
1973 operating information:	
Number of round trips per year	95
Estimated time per round trip (hours)	6.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." However, note was made of the many submissions calling attention to the anthracite coal deposits in this area.

Penn. DOT cites part of this line (3.5 miles from Haucks to Hometown) as having been "extensively developed for industry." They reported two companies using 540 carloads a year and "increasing."

According to Pennsylvania DOT, a 224-acre industrial park is being developed north of Hometown. In addition, the Hauto Industrial Park near Nesquehoning is expected to generate 780 carloads annually by 1975.

Information for Line Retention Decision

Revenue received by LV	\$126,567
Average revenue per carload	\$250
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	156,665
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost)	14,840
Cost incurred beyond the branch line	51,311
Total variable (avoidable) cost	222,816
Net contribution (loss): total	(96,249)
Average per carload	(197)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has

a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,200 crossties (an average of 132 crossties per mile).

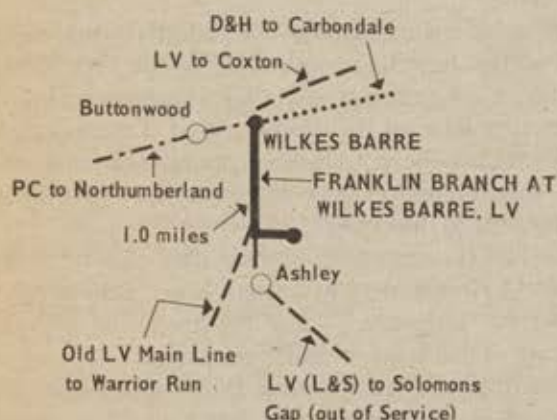
Preliminary Recommendation

Although the preliminary recommendation is that the Nesquehoning Valley Branch not be included in the ConRail System, the possibility of immediately increasing revenue must be explored before a final recommendation can be made. Without immediately increasing revenue, continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$96,249 or \$197 per carload. Recovery of costs would require approximately a 130 percent increase in traffic or a 75 percent rate increase over the 1973 levels.

FRANKLIN BRANCH

USRA Line No. 1012

Lehigh Valley



The Franklin Branch, extends from Milepost 0.0 to Milepost 1.0, a distance of 1.0 mile, at Wilkes-Barre, in Luzerne County, Pa. At Wilkes-Barre this line connects with the LV line to Pittston and with the PC Buttonwood Secondary Track, which is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 72).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

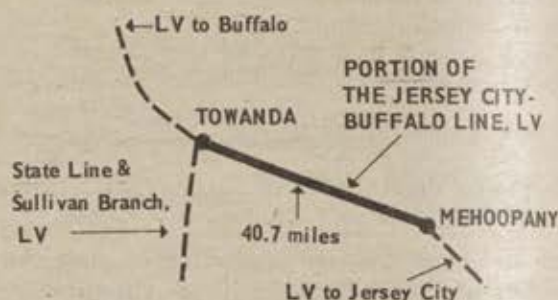
Information for Line Retention Decision

At this time, the traffic generated on this line cannot be identified, therefore no analysis was conducted.

PORTION OF JERSEY CITY-BUFFALO LINE

USRA Line No. 1013

Lehigh Valley



This portion of the Jersey City-to-Buffalo Line, extends from Mehoopany (Milepost 214.1) to Towanda, Pa. (Milepost 254.8), a distance of 40.7 miles, in Wyoming and Bradford Counties, Pa. Continuations of this line extend southeastward from Mehoopany to Jersey City and northwestward from Towanda to Buffalo. At Towanda this line connects with the Lehigh Valley's State line and Sullivan Branch. The continuations and the connection are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 73).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Mehoopany	186
Myobeach	3
Skinners Eddy	112
Laceyville	425
Wyalusing	106
Wysox	292

Total carloads generated by the line..... 1,123

Average carloads per week	21.6
Average carloads per mile	27.6
Average carloads per train	4.3
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Correspondence opposing the abandonment of this line was received from the Northern Tier Rural Development Committee, the Northern Tier Regional Planning & Development Commission, Arey Lumber Co., Masonite Corp. Charmin Paper Co., while under no danger of losing rail service,

stated that 60% of their traffic was routed north over this line.

Information for Line Retention Decision

Revenue received by LV	\$252,186
Average revenue per carload	\$225
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	469,109
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	128,945
Total variable (avoidable) cost	598,054
Net contribution (loss): total	(345,868)
Average per carload	(308)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

Although this line generates a loss based on originated and terminated traffic, it is required as a secondary through freight line. Therefore, all shippers located on this line will receive service.

Recommendation

It is recommended that this portion of the Jersey City to Buffalo line be included in the ConRail System. It may be transferred to another carrier (see Chap. 3).

sects this line. At Sayre this line connects with the Lehigh Valley Auburn Branch, and the Lehigh Valley Waverly-Elmira Branch (trackage rights over EL). Of the continuations and the connecting lines mentioned, only the LV Waverly-to-Elmira Branch is *not* under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 73).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Towanda	730
Ulster	1
Athens	111

Total carloads generated by the line	842
Average carloads per week	16.2
Average carloads per mile	52.0
Average carloads per train	3.2
1973 operating information:	
Number of round trips per year	260
Estimated time per round trip (hours)	11.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shipping, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report." Correspondence opposing abandonment of this line was received in conjunction with LV line 1013, Mehoopany to Towanda.

Information for Line Retention Decision

Revenue received by LV	\$257,827
Average revenue per carload	\$318
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	325,667
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	103,296
Total variable (avoidable) cost	428,963
Net contribution (loss): total	(161,136)
Average per carload	(191)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe speed of 10 mph).

Although this line generates a loss based only on originated and terminated traffic, it is required as a secondary freight line. All shippers located on this line will receive service.

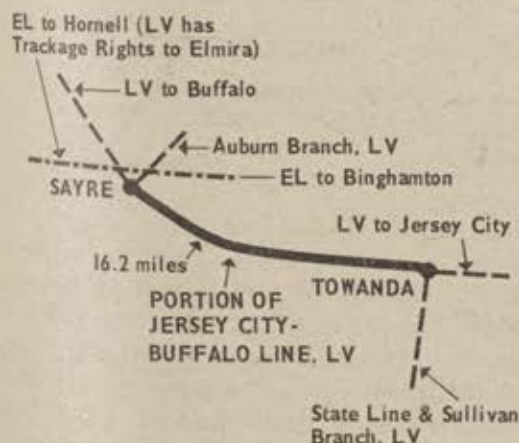
Recommendation

It is recommended that this portion of the Jersey City to Buffalo line be included in the ConRail System. It may be transferred to other carriers (see Chap. 3).

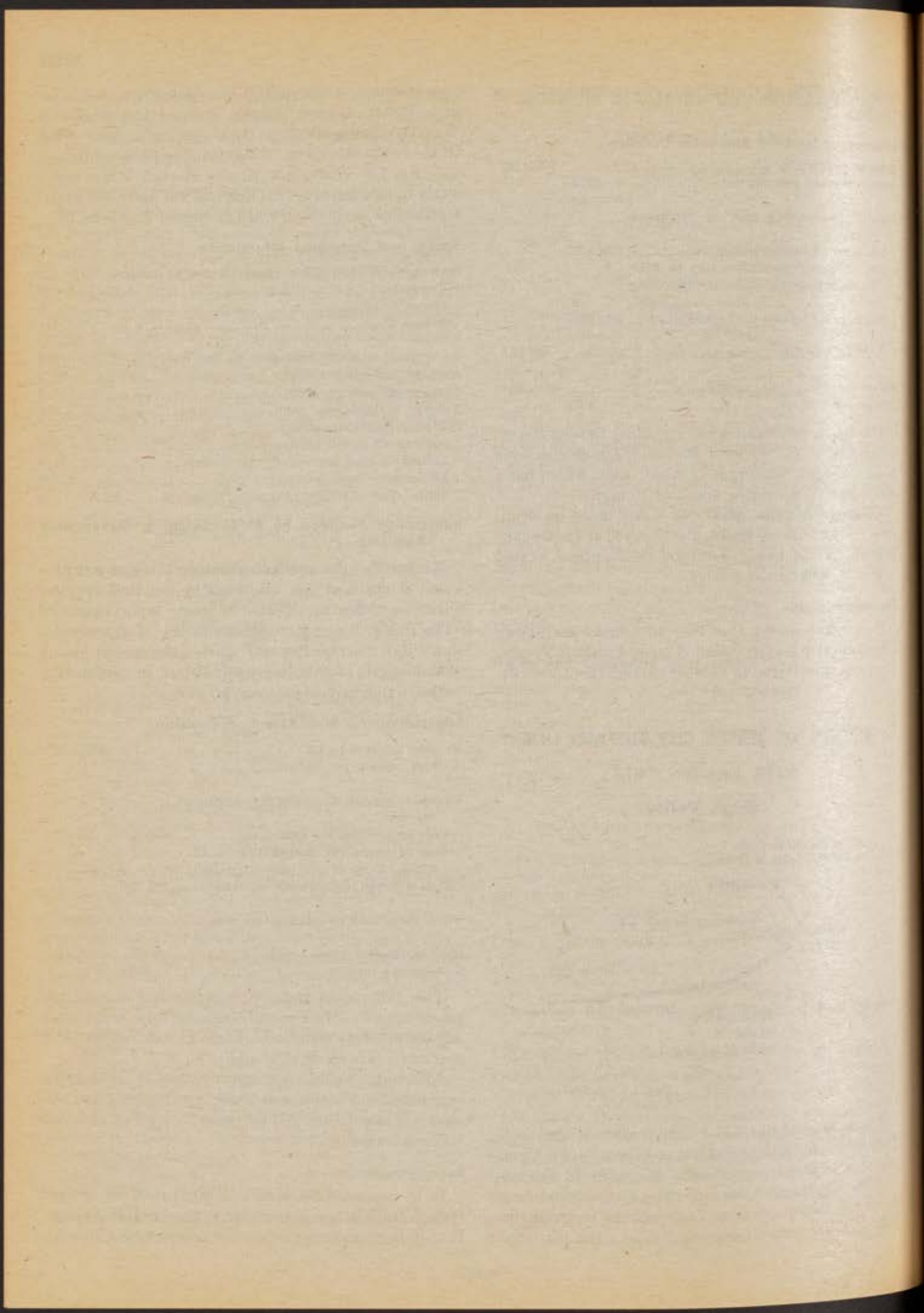
PORTION OF JERSEY CITY-BUFFALO LINE

USRA Line No. 1014

Lehigh Valley



This portion of the Jersey City-Buffalo line, extends from Towanda (Milepost 254.8) to Sayre, Pa. (Milepost 271.0), a distance of 16.2 miles, in Bradford County, Pa. Continuations of this line extend northward from Sayre and southward from Towanda. At Towanda, the Lehigh Valley State Line and Sullivan Branch inter-



RHODE ISLAND

Intrastate

PC

USRA line number	Terminals
28	Newport to Portsmouth
30/30a	East Providence to Warren
38/38a	Cranston to Pontiac
43a	Kingston to Wakefield
677	Washington to Providence

Interstate

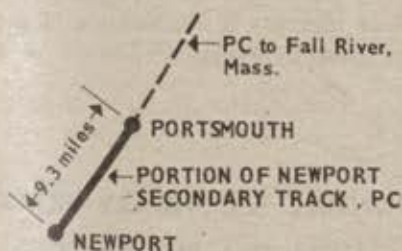
Rhode Island to Connecticut (this line is discussed under Connecticut)

43 Hills Grove, R.I. to Groton, Conn.

PORTION OF NEWPORT SECONDARY TRACK

USRA Line No. 28

Penn Central



This portion of the Newport Secondary Track, formerly part of the New Haven RR, extends from Portsmouth (Milepost 21.2) to Newport, R.I. (Milepost 30.5), a distance of 9.3 miles, in Newport County, R.I. The northerly continuation of this line extends from Portsmouth, R.I. to Fall River, Mass. In June 1973, the PC applied to the ICC for permission to abandon this line (Docket No. AB-5, Sub. 164). On September 17, 1974, the PC applied to the U.S. Railway Association for the same permission (USRA Docket No. 75-27). No final action has been taken on either application. This line was described as potentially excess in the U.S. DOT Report (see Zone 18).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line: Newport.....	166
Total carloads generated by the line.....	166
Average carloads per week.....	3.2
Average carloads per mile.....	17.9
Average carloads per train.....	3.3
1973 operating information:	
Number of round trips per year.....	50
Estimated time per round trip (hours).....	3.0
Locomotive horsepower.....	1,750
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" primarily related to state efforts to replace the deactivated Naval Training Center at Newport with other industries. This developmental effort requires continued and improved rail service. The testimony also indicated that new freight revenue is expected from a facility of the Defense Supply Agency being developed at Mellville.

Information for Line Retention Decision

Revenue received by PC.....	\$54,577
Average revenue per carload.....	\$329
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	75,618
Cost of upgrading branch line to FRA	
Class I: (1/10 of total upgrading cost).....	14,388
Cost incurred beyond the branch line.....	62,391
Total variable (avoidable) cost.....	150,392
Net contribution (loss) total.....	(95,815)
Average per carload.....	(577)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 53 crossties per mile).

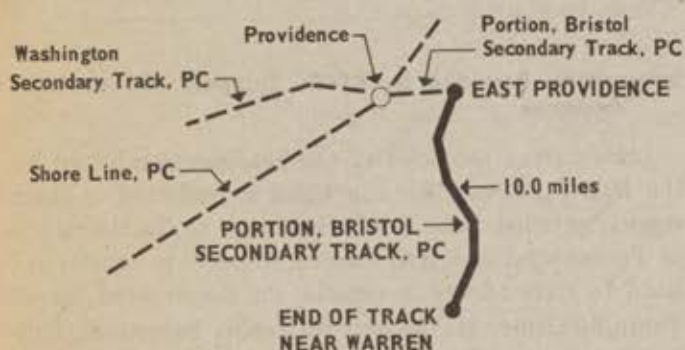
Preliminary Recommendation

It is *not* recommended that this portion of the Newport Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$95,815 or \$577 per carload. Recovery of costs would require both traffic growth and a rate increase over the 1973 levels.

PORTION OF THE BRISTOL SECONDARY TRACK

USRA Line No. 36/36a

Penn Central



This portion of the Bristol Secondary Track, formerly part of the New Haven RR, extends from *East Providence* (Milepost 1.9), to *End of Track near Warren, R.I.* (Milepost 11.9), a distance of 10.0 miles, in Providence and Bristol Counties, Rhode Island. A continuation of this line extends from East Providence to Providence where it connects with the Shore Line and the Washington, R.I. Secondary Track, both PC. The latter is also under study in this Report. This line was described as potentially excess in the U.S. DOT (see Zone 27).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Riverside	30
Barrington	166
Warren	170
Total carloads generated by the line	366
Average carloads per week	7.0
Average carloads per mile	36.6
Average carloads per train	3.5
1973 operating information:	
Number of round trips per year	104
Estimated time per round trip (hours)	4.0
Locomotive horsepower	1,750
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$215,424
Average revenue per carload	\$588
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	96,597
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	16,139
Cost incurred beyond the branch line	154,354
Total variable (avoidable) cost	267,090
Net contribution (loss): total	(51,666)
Average per carload	(141)

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

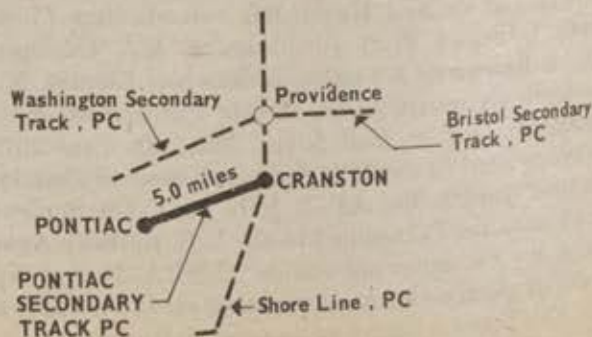
Preliminary Recommendation

It is *not* recommended that this portion of the Bristol Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$51,666 or \$141 per carload. Recovery of costs would require approximately an 85 per cent increase in traffic or a 25 per cent rate increase over the 1973 levels.

PONTIAC SECONDARY TRACK

USRA Line No. 38/38a

Penn Central



The Pontiac Secondary Track, formerly part of the New Haven RR, extends from Cranston (Milepost 0.0) to Pontiac, R.I. (Milepost 5.0), a distance of 5.0 miles, in Providence and Kent Counties, R.I. This line connects at Cranston with the Shore Line of the PC. In June 1973, the PC applied to the ICC for permission to abandon a portion of this line (from Howard to Pontiac, R.I.) (Docket No. AB-5, Sub 170). No action has been taken on this application. This line was not described as potentially excess in the U.S. DOT Report (see Zone 27).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Howard	45
Pontiac	1

Total carloads generated by the line.....	46
Average carloads per week.....	0.9
Average carloads per mile.....	9.2
Average carloads per train.....	0.9
1973 operating information:	
Number of round trips per year.....	52
Estimated time per round trip (hours).....	3
Locomotive horsepower.....	1,500
Train crew size.....	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$20,037
Average revenue per carload.....	\$435
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	42,820
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	13,871
Cost incurred beyond the branch line.....	18,461
Total variable (avoidable) cost.....	75,152
Net contribution (loss): total.....	(55,112)
Average per carload.....	(1,198)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 2,250 crossties (an average of 450 crossties per mile).

Preliminary Recommendation

It is not recommended that the Pontiac Secondary Track be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. Under 1973 traffic, revenue and cost levels, this line generates an annual excess financial burden amounting to \$55,112 or \$1,198 per carload. Recovery of costs would require approximately a thirty-five-fold increase in traffic or a 275 percent rate increase over the 1973 levels.

NARRAGANSETT PIER RR

USRA Line No. 43a



The Narragansett Pier RR, extends from Kingston (Milepost 0.0) to Wakefield, R.I. (Milepost 5.8), a distance of 5.8 miles, in Washington County, R.I. This line connects at Kingston with the Shore Line of the Penn Central; this portion of which is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 28).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that the DOT additions and corrections supplement dated March 1, 1974, noted that this line was owned by a Class II carrier and should not have been designated "potentially excess."

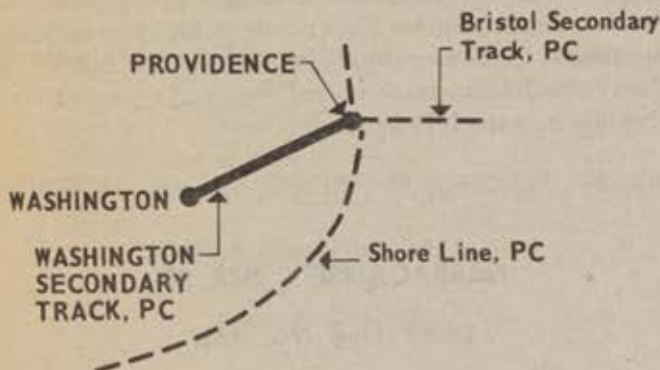
Information for Line Retention Decision

The Narragansett Pier Railroad is an independent carrier. The traffic interchanged between the NP and the PC amounted to 72 cars and this was not sufficient to change the decision, or the decision on line 43. Continued access by the NP to connecting rail service will depend on the availability of service continuation subsidy for line 43.

WASHINGTON SECONDARY TRACK

USRA Line No. 677

Penn Central



The Washington Secondary Track, formerly part of the New Haven RR, extends from *Providence* (Milepost 0.0) to *Washington, R.I.* (Milepost 17.0), a distance of 17.0 miles, in Providence and Kent Counties, R.I. This line connects with both the Shore Line and the Bristol Secondary Track of the PC at Providence. The last-named line is also under study in this report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 27).

Traffic and Operating Information

Stations (with their 1973 carloads) served by the line:

Print Works	87
Oak Lawn	160
Natick	3
River Point	139
W. Warwick	119
Quidnick	42
Anthony	0
Washington	1,014
Olneyville	1,916

Total carloads generated by the line..... 3,480

Average carloads per week	66.9
Average carloads per mile	204.7
Average carloads per train	13.9
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	7.0
Locomotive horsepower	1,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,065,506
Average revenue per carload	\$479

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	279,020
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	14,128
Cost incurred beyond the branch line	1,067,737

Total variable (avoidable) cost..... 1,300,885

Net contribution (loss) total	304,681
Average per carload	88

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 1,500 crossties (an average of 88 crossties per mile).

Recommendation

It is recommended that the Washington Secondary Track be included in the ConRail System.

VIRGINIA

Intrastate

PC

USRA line number	Terminals
165	Little Creek to Cape Charles (car float)

Interstate

Virginia to Maryland (this line is discussed under Maryland)

166 Cape Charles, Va. to Pocomoke, Md.

Virginia to West Virginia (this line is discussed under Maryland)

205 Winchester, Va. to Hagerstown, Md.

CAPE CHARLES FERRY

USRA Line No. 165

Penn Central



This portion of the Delmarva Branch, formerly part of the Pennsylvania RR, extends from *Little Creek* to *Cape Charles, Va.*, a distance of 26 miles in Northampton County, Va. This line is between Zones 182 and 184 in the U.S. Department of Transportation Report, "Rail Service in the Midwest and Northeast Region," dated February 1, 1974. At Little Creek it connects with the Norfolk and Portsmouth Belt R.R., Norfolk Southern SRS, and Norfolk Western. At Cape Charles it connects with the Delmarva Branch of Penn Central extending north to Pocomoke, which is also under study in this Report. This service was not described in the U.S. DOT Report (see Zones 182 and 184).

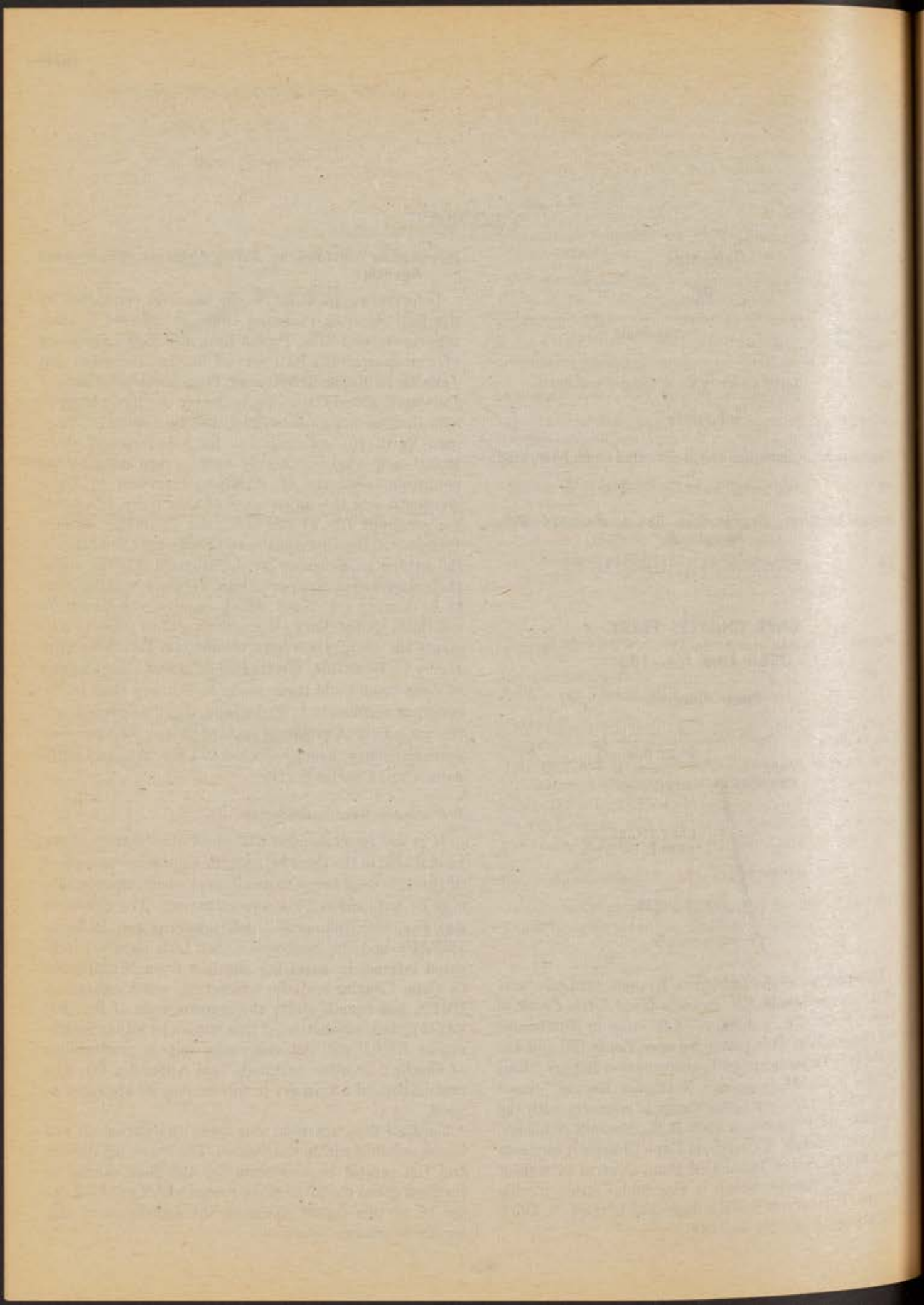
Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that John O. Hidinger, Director of Transportation, State of Delaware, stated Cape Charles Ferry can move oversize cars that cannot go through either Baltimore or Potomac Yard. He indicated the ferry has moved about 30,000 cars a year with only 10,000 originating on the peninsula. Sherman W. Tribbett, Governor of Delaware, stressed the importance of this ferry, "It saved the economic life of the Delmarva Peninsula when a freighter in the Chesapeake and Delaware Canal struck the bridge in February 1973." Richard T. Gay states their shipyard at Newport News, Virginia, will continue to have wide rail loads which require overdimension clearance routes. They are expanding their plant to construct the country's largest commercial fuel tank ship. Harry C. Doukakis, Westinghouse, states abandonment of ferry would add three weeks to delivery time (shipping gas turbines). A. R. Lupcho, Jr., Campbell Soup, estimates they ship 300 carloads of frozen food per year from Salisbury through Pocomoke City, Md., and south using Cape Charles Ferry.

Preliminary Recommendation

It is *not* recommended that the Cape Charles Ferry be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy or acquisition by a solvent carrier. The Southern Railway, the Richmond Fredericksburg and Potomac (RF&P) and the Seaboard Coast Line have all indicated interest in acquiring the line from Wilmington to Cape Charles and the connecting water operation. USRA has found, under the requirements of Sec. 206 (d) (3), that acquisition of this service by either Southern or RF&P will not materially impair profitability of ConRail or other railroads (see Appendix D). The possibilities of a transfer to solvent carrier are rated as good.

ConRail does not need this link; alternative all rail routes existing within the System. The operating deficits and the capital requirements for the float cannot be justified given the alternative routes which exist. Chapter 18 of this report discusses the economics of this service in greater detail.



WEST VIRGINIA

Intrastate

PC

USRA line number	Terminals
205a	Berkeley to Cumbo Yard
354	LaBelle Branch at Benwood
509/509a	Charleston to Blue Creek
512/512a	Blue Creek to Hitop
514b	Charleston to Nitro
514c	Peters Junction to Cornelia
514d	Charleston to Dickinson
514e	Dickinson to Cannelton
514f	Cannelton to Gauley Bridge
514g	Swiss to Gauley Bridge
645	Weirton Junction to Wheeling
713	Chester to Weirton Junction

Interstate

West Virginia to Maryland to Virginia (this line is discussed under Maryland)

205 Hagerstown, Md. to Winchester, Va.

West Virginia to Ohio (these lines are discussed under Ohio)

353 Benwood, W. Va. to Martin's Ferry, Ohio
514a Nitro, W. Va. to Hobson, Ohio

CUMBO SECONDARY TRACK

USRA Line No. 205a

Penn Central



The Cumbo Secondary Track, formerly part of the Pennsylvania RR, extends from Berkeley (Milepost 0.0) to Cumbo Yard, W. Va. (Milepost 3.0) a distance

of 3.0 miles, in Berkeley County W. Va. At Cumbo Junction this line connects with the B&O Main Line. At Berkeley it connects with the PC line running from Hagerstown, Md. to Winchester, Va. This line is also under study in this Report. This line was not shown in the U.S. DOT Report (see Zone 196).

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

This line does not directly serve any shippers. It is used to interchange traffic with the Chessie System.

Preliminary Recommendation

It is *not* recommended that the Cumbo Secondary Track be included in the ConRail System.

LABELLE BRANCH

USRA Line No. 354

Penn Central

The LaBelle Branch, formerly part of the Pennsylvania RR, extends from milepost 0.0 to milepost 0.3, a distance of 0.3 mile at Benwood, in Marshall County, W. Va. At Benwood this line connects with the PC Wheeling Secondary Track, several lines of the Balti-

more & Ohio RR, and with a Norfolk & Western Ry. line. This line was not described as potentially excess in the U.S. DOT Report (see Zone 99).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:	
Wheeling ¹	225
Total carloads generated by the line.....	
	225
Average carloads per week.....	4.3
Average carloads per mile.....	750.0
Average carloads per train.....	3.0
1973 operating information:	
Number of round trips per year.....	75
Estimate time per round trip, hours.....	1.0
Locomotive horsepower.....	1,200
Train crew size.....	5

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC.....	\$191,463
Average revenue per carload.....	\$851
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	15,608
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost).....	3,311
Cost incurred beyond the branch line.....	47,255
Total variable (avoidable) cost.....	66,174
Net contribution (loss): total.....	125,289
Average per carload.....	557

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 350 crossties (an average of 1,167 crossties per mile). An evaluation of coal reserves by USRA staff indicates that there are no coal deposits dependent upon this branch.

Recommendation

It is recommended that the LaBelle Branch be included in the ConRail System.

PORTION OF THE HITOP SECONDARY TRACK

USRA Line No. 509/509a

Penn Central



PC has trackage rights over this portion of the Hitop Secondary Track of the B&O extending from Charleston (Milepost 0.0), to Blue Creek, W. Va. (Milepost 13.4), a distance of 13.4 miles, in Kanawha County, West Virginia. Connecting points of this segment are at Blue Creek with the continuation of the PC Hitop Secondary Track and with the B&O to Grafton, and at Charleston with the PC Kanawha Secondary Track and the Chesapeake & Ohio Ry Newport News-Cincinnati line. The PC Kanawha Secondary Track is also under study in this Report. This line was described as potentially excess in the U.S. DOT Report (see Zone 199).

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" concerned the abandonment, in 1967, of the PC line between Charleston and Blue Creek.

Information for Line Retention Decision

The PC uses these trackage rights over the B&O to serve the shippers on USRA Line No. 512 which is recommended for inclusion in the restructured system. Either the ConRail System will require these trackage rights, or the B&O will assume the service to segment No. 512.

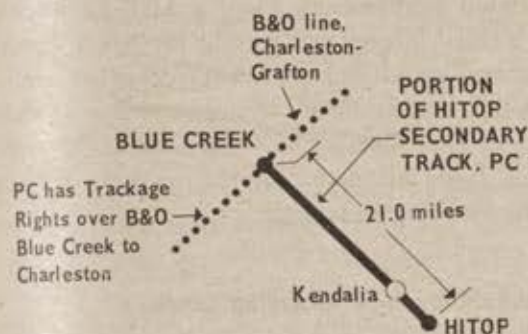
Preliminary Recommendation

It is recommended that trackage rights over this segment of the B&O be included in the ConRail System.

PORTION OF HITOP SECONDARY TRACK

USRA Line No. 512-512a

Penn Central



This portion of the Hitop Secondary Track, formerly part of the New York Central RR, extends from Blue Creek (Milepost 13.4) to Hitop, W. VA. (Milepost 34.4), a distance of 21.0 miles, in Kanawha County, West Virginia. At Blue Creek, this line connects with the Baltimore & Ohio RR line running from Charleston to Grafton. The PC operates via trackage rights over the B&O line between Charleston and Blue Creek; this arrangement is also under study in this Report. This line, except for the portion from Blue Creek to Kendalia (Milepost 30.3), was described as potentially excess in the U.S. DOT Report (see Zone 199).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Morris Fork	8,498
Sanderson	65
Hitop	0

Total carloads generated by the line	8,563
Average carloads per week	164.7
Average carloads per mile	407.8
Average carloads per train	35.7
1973 Operating information:	
Number of round trips per year	240
Estimated time per round trip (hours)	8.0
Locomotive horsepower	3,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Service Planning Office as reflected in their reports entitled "The Public Response to the Secretary

of Transportation's Rail Service Report" indicated that the PC line between Kendalia and Blue Creek is unusable. Claud Wilcher, a coal deposit owner, noted that coal presently mined in the area is trucked to Ward, some seven or eight miles from Hitop. At Ward the coal is loaded onto the Kelley's Creek & Northwestern RR. An evaluation of coal reserves by USRA staff indicates that there are coal reserves adjacent to the branch.

Information for Line Retention Decision

Revenue received by PC	\$1,155,945
Average revenue per carload	\$135
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	414,458
Cost of upgrading branch line to FRA Class I (1/10 of Total Upgrading Cost)	51,770
Cost incurred beyond the branch line	748,458
Total variable (avoidable) costs	1,214,686
Net contribution (loss): total	(58,741)
Average per carload	(7)

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 11,340 crossties (an average of 540 crossties per mile). Although service to the entire line generates a loss, service to the line from Milepost 13.4 to Milepost 26.5 (serving shippers at Morris Fork and Sanderson, who generated 8,563 carloads in 1973) would generate \$1,155,945 in revenue and \$1,100,889 in costs with a resulting net contribution of \$55,056 or \$6 per carload.

Recommendation

It is recommended that the portion of the Hitop Secondary Track, from milepost 13.4 to milepost 26.5 be included in the ConRail System.

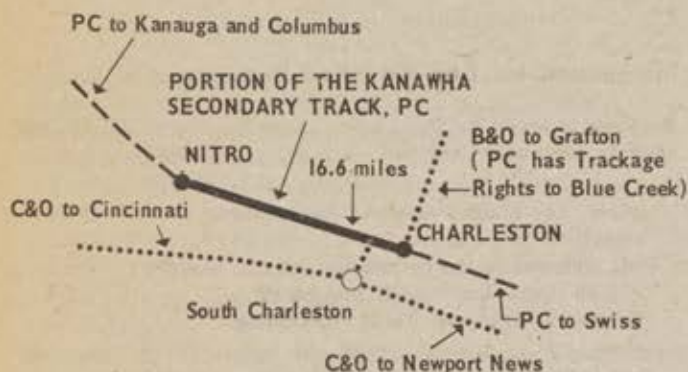
Preliminary Recommendation

It is *not* recommended that the portion of the Hitop Secondary Track from milepost 26.5 and milepost 34.4 be included in the ConRail System. Continued operation of this line would require a rail service continuation subsidy. This portion of the line generated no traffic in 1973. The track appears to be unusable.

PORTION OF THE KANAWHA SECONDARY TRACK

USRA Line No. 514b

Penn Central



This portion of the Kanawha Secondary Track, formerly part of the New York Central RR, extends from Nitro, (Milepost 109.0) to Charleston, W. Va. (Milepost 125.6), a distance of 16.6 miles, in Putnam and Kanawha Counties, West Virginia. Continuations of this line extend southeastward from Charleston and northwestward from Nitro. Connections at Charleston include the Chesapeake & Ohio Main Line and the B&O line to Grafton (a portion of this line is used by PC to connect with the Hitop Secondary Track at Blue Creek). The continuations and the PC Hitop Secondary Track are also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 199).

Traffic and Operating information

Stations (with their 1973 carloads) served by this line:

Nitro	12,028
Sattles	153
Institute	10,991
Ferguson	70
Dunbar	130
Mound	1
West Charleston	17

Total carloads generated by the line	24,290
Average carloads per week	467.0
Average carloads per mile	1,463.0
Average carloads per train	80.9
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	12
Locomotive horsepower	2,000
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

Information provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report" indicated that located 8 miles from Nitro is ACF Industries, the nation's third largest rail freight car lessor which also repairs and conditions chemical and other tank cars. If this line is abandoned, a large number of chemical companies near Charleston, which use ACF facilities, would be faced with shipping their cars in excess of 400 miles for cleaning and repair.

Information for Line Retention Decision

Revenue received by PC	\$8,802,783
Average revenue per carload	\$367
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	946,592
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	21,542
Cost incurred beyond the branch line	5,226,673
Total variable (avoidable) cost	6,004,807
Net contribution (loss): Total	2,907,976
Average per carload	121

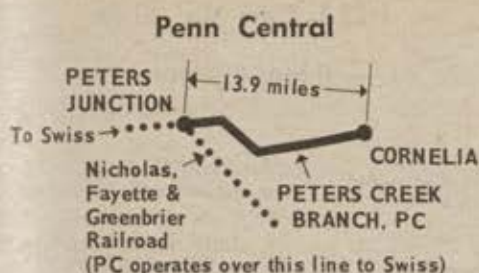
This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 819 crossties (an average of 49 crossties per mile). Georgia Pacific has recently located in the Rock Branch Industrial Park, 3 miles north of Nitro. During 1973, Georgia Pacific received 480 carloads, and in 1974 they expect to receive 709 carloads. If this line is discontinued, they could not maintain this plant. This line is currently used as a high volume through-route for coal shipments, but other routes are available.

Recommendation

It is recommended that this portion of the Kanawha Secondary Track be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

PETERS CREEK BRANCH

USRA Line No. 514c



The Peters Creek Branch, formerly part of the New York Central RR, extends from *Peters Junction* (Milepost 0.0) to *Cornelia, W. Va.* (Milepost 13.9), a distance of 13.9 miles, in Nicholas County, West Virginia. At *Peters Junction*, this line connects with *Nicholas, Fayette, and Greenbrier Railroad*, which connects with the PC at *Swiss*. This line was not studied in the U.S. DOT Report (see Zone 197).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Peerless Eagle	1
Zella	0
Peters Jet	0
Cornelia	5,518

Total carloads generated by the line	5,517
Average carloads per week	106.1
Average carloads per mile	396.9
Average carloads per train	11.0
1973 operating information:	
Number of round trips per year	500
Estimated time per round trip (hours)	12
Locomotive horsepower	3,500
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled, "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,018,995
Average revenue per carload	\$185
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	396,110
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	596,407
Total variable (avoidable) cost	992,517
Net contribution (loss): total	26,478
Average per carload	5

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). An analysis of coal reserves by USRA staff indicates that there are active loading facilities dependent upon this line.

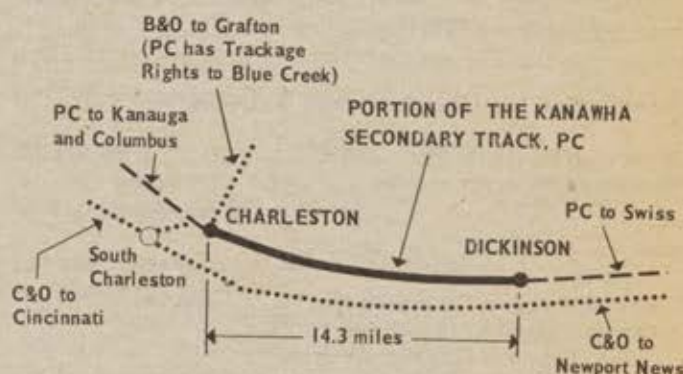
Recommendation

It is recommended that the Peters Creek Branch be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

PORTION OF THE KANAWHA SECONDARY TRACK

USRA Line No. 514d

Penn Central



This portion of the Kanawha Secondary Track, formerly part of the New York Central RR, extends from *Charleston* (Milepost 125.6) to *Dickinson, W. Va.* (Milepost 139.9), a distance of 14.3 miles, in Kanawha County, W. Va. Continuations of this line extend northwestward from *Charleston* and southeastward from *Dickinson*, both also under study in this Report. At *Charleston* this line connects with the *Chesapeake & Ohio Main Line* and the *PC Hitop Secondary Track*. A portion of the latter line (to *Blue Creek*) is owned by the *Baltimore & Ohio* and is part of the *B&O's Charleston-Grafton line*. PC operates via trackage rights and this agreement is also under study in this Report. This line was not described as potentially excess in the U.S. DOT Report (see Zone 199).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Charleston	8,527
Snow Hill	7
Port Amherst	3,696
Malden	23
Belle	8,116
Witcher	2
Dickinson	3,524

Total carloads generated by the line	23,895
Average carloads per week	459.5
Average carloads per mile	1,671.0
Average carloads per train	79.7
1973 operating information:	
Number of round trips per year	300
Estimated time per round trip (hours)	11
Locomotive horsepower	3,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

USRA staff have noted the existence of active coal loading points on this line.

Information for Line Retention Decision

Revenue received by PC	\$6,074,134
Average revenue per carload	\$254
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	636,706
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	3,422,349
Total variable (avoidable) cost	4,059,055
Net contribution (loss): total	2,015,079
Average per carload	84

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph).

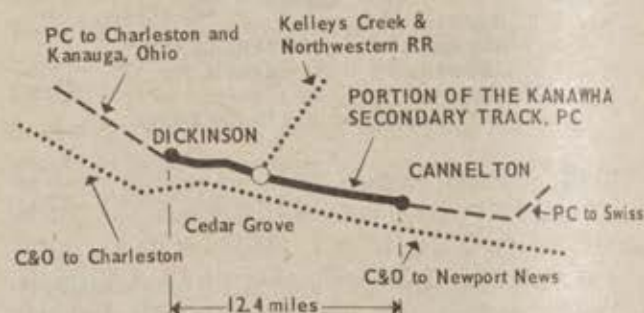
Recommendation

It is recommended that this portion of the Kanawha Secondary Track be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

PORTION OF THE KANAWHA SECONDARY TRACK

USRA Line No. 514e

Penn Central



This portion of the Kanawha Secondary Track, formerly part of the New York Central RR, extends from Dickinson (Milepost 139.9) to Cannelton, W. Va. (Milepost 152.3), a distance of 12.4 miles, in Kanawha and Fayette Counties, W. Va. Continuations of this line extend southeastward from Cannelton and northwestward from Dickinson. Both of these continued portions are also under study in this Report. This line connects with the Kelley's Creek & Northwestern RR at Cedar Grove. This line was not described as potentially excess in the U.S. DOT Report (see Zones 195 and 199).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Valley Camp No. 1	0
Princess Susan Mine	0
Valley Camp No. 5	94
Valley Camp No. 8	9
Shrewsbury	183
Cedar Grove	4,459
Glasgow	123
Midwest	966
Hughston	45
Cannelton	15,824

Total carloads generated by the line	21,703
Average carloads per week	417.4
Average carloads per mile	1,750.2
Average carloads per train	37.7
1973 operating information:	
Number of round trips per year	575
Estimated time per round trip (hours)	10.5
Locomotive horsepower	3,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The

Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$7,795,237
Average revenue per carload	\$359
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	746,901
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	12,791
Cost incurred beyond the branch line	4,581,710
Total variable (avoidable) cost	5,341,402
Net contribution (loss): Total	2,453,855
Average per carload	113

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 135 crossties (an average of 11 crossties per mile). USRA Staff have noted the existence of active coal loading points on this line.

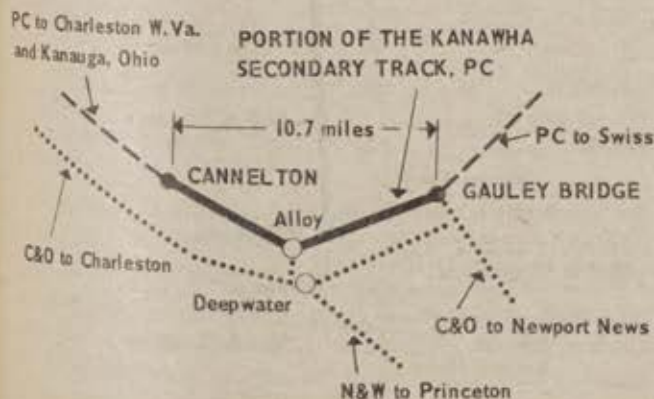
Recommendation

It is recommended that this portion of the Kanawha Secondary Track be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

PORTION OF THE KANAWHA SECONDARY TRACK

USRA Line No. 514f

Penn Central



This portion of the Kanawha Secondary Track, formerly part of the New York Central RR, extends from Cannelton (Milepost 152.3) to Gauley Bridge, W. Va.

(Milepost 163.0), a distance of 10.7 miles, in Fayette County, W. Va. Continuations of this line extend eastward from Gauley Bridge and northwestward from Cannelton, both also under study in this Report. Connections are with the Chesapeake and Ohio Main Line at Gauley Bridge. This line was not analyzed in the U.S. DOT Report (see Zone 99).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Smithers	1
Dunns	14
Marewood	2,156
Deepwater Bridge	14
Alloy	3,655
Gauley Bridge	0

Total carloads generated by the line	5,840
Average carloads per week	112.3
Average carloads per mile	545.8
Average carloads per train	18.0
1973 operating information:	
Number of round trips per year	325
Estimated time per round trip (hours)	11
Locomotive horsepower	2,000
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$1,580,582
Average revenue per carload	\$271
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	336,872
Cost of upgrading branch line to FRA Class I: (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	933,376
Total variable (avoidable) cost	1,330,248
Net contribution (loss): Total	250,334
Average per carload	43

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track which has a maximum safe operating speed of 10 m.p.h.). USRA staff have noted the existence of active coal loading points on this line.

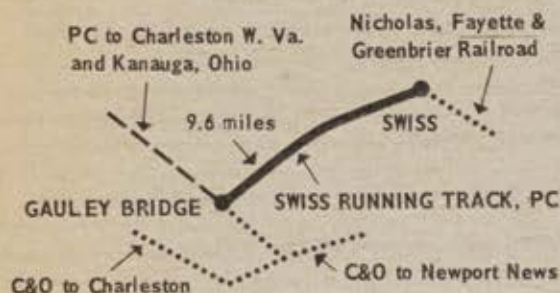
Recommendation

It is recommended that this portion of the Kanawha Secondary Track be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

SWISS RUNNING TRACK

USRA Line No. 514g

Penn Central



The Swiss Running Track, formerly part of the New York Central RR, extends from *Gauley Bridge* (Milepost 163.0) to *Swiss, W. Va.* (Milepost 172.6), a distance of 9.6 miles, in Fayette and Nicholas Counties, W. Va. A continuation of this line which extends northwestward from *Gauley Bridge* to *Charleston* is also under study in this Report. Connections are: a Chesapeake & Ohio line to the C&O Main Line at *Gauley Bridge*, and the Nicholas, Fayette & Greenbrier RR at *Swiss*. This line was not analyzed in the U.S. DOT Report (see Zone 99).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Clearfield	9,320
Swiss	77
Total carloads generated by the line	9,397
Average carloads per week	180.7
Average carloads per mile	978.9
Average carloads per train	13.9
1973 operating information:	
Number of round trips per year	675
Estimated time per round trip (hours)	11.5
Locomotive horsepower	3,500
Train crew size	4

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$707,602
Average revenue per carload	\$75

Variable (avoidable) cost of continued service:

Cost incurred on the branch line	446,392
Cost of upgrading branch line to FRA class I (1/10 of total upgrading cost)	0
Cost incurred beyond the branch line	193,107

Total variable (avoidable) cost 639,499

Net contribution (loss): Total	68,103
Average per carload	7

This line would require no upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.).

USRA staff have noted the existence of active coal loading points on this line.

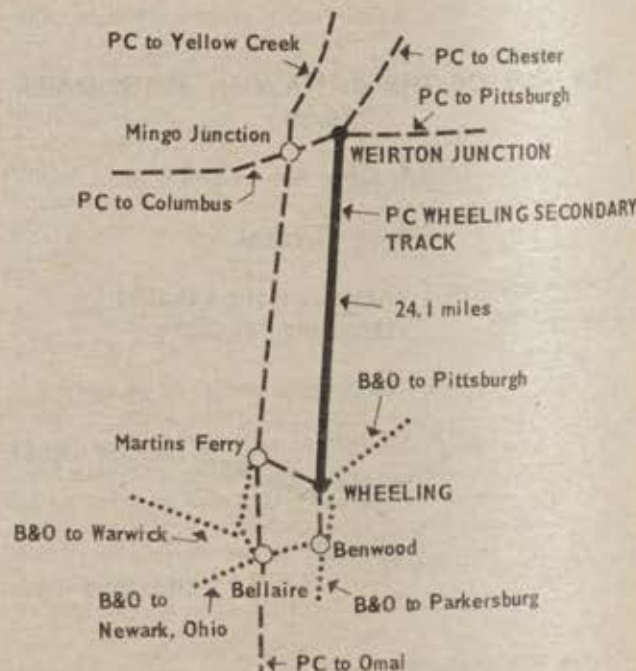
Recommendation

It is recommended that the Swiss Running Track be included in the ConRail System. To avoid major rehabilitation costs, possibilities for reaching the Charleston area over trackage rights will be explored.

WHEELING SECONDARY TRACK

USRA Line No. 645

Penn Central



The Wheeling Secondary Track, formerly part of the Pennsylvania RR, extends from *Weirton Junction* (Milepost 0.0) to *Wheeling* (Milepost 24.1), a distance of 24.1 miles, in Brooke and Ohio Counties, W. Va.

This line connects with PC's Pittsburgh-Columbus Main Line at Weirton Junction and B&O's Pittsburgh-Chicago Main Line at Wheeling. This line was not described as potentially excess in the U.S. DOT report. (see Zones 98 and 99).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

Wheeling ¹	764
E. Steubenville	18,061
Pollansbee	13,282
Wellsburg	2,029
Bench Bottom	1,309
Short Creek	3
Warwood	332

Total carloads generated by the line	35,780
Average carloads per week	688.1
Average carloads per mile	1,484.7
Average carloads per train	143.1
1973 operating information:	
Number of estimated trips per year	250
Estimated time per round trip (hours)	32
Locomotive horsepower	1,200
Train crew size	4

¹ Includes only traffic on segment.

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report."

Information for Line Retention Decision

Revenue received by PC	\$8,338,508
Average revenue per carload	\$233
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line	1,106,069
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	17,329
Cost incurred beyond the branch line	5,262,536
Total variable (avoidable) cost	6,385,934
Net contribution (loss): Total	1,952,564
Average per carload	55

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 mph). Based on available information, this upgrading would include the replacement of a total of 500 crossties (an average of 21 crossties per mile).

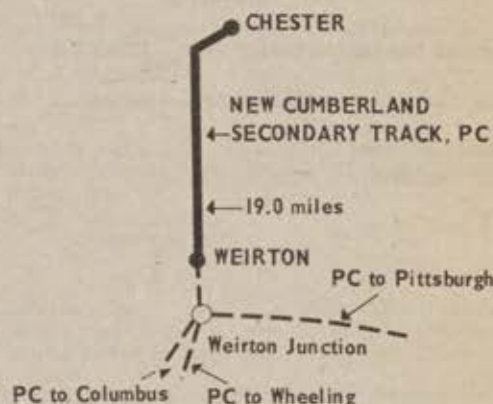
Recommendation

It is recommended that the Wheeling Secondary Track be included in the ConRail System.

NEW CUMBERLAND SECONDARY TRACK

USRA Line No. 713

Penn Central



The New Cumberland Secondary Track, formerly part of the Pennsylvania RR, extends from Weirton Jct. (Milepost 3.0) to Chester, W. Va. (Milepost 22.0), a distance of 19.0 miles, in Hancock County, West Virginia. At Weirton Junction, this line connects with the PC Pittsburgh to St. Louis Line and the PC Wheeling Secondary Track to Wheeling. This line was not described as potentially excess in the U.S. DOT Report (see Zone 98).

Traffic and Operating Information

Stations (with their 1973 carloads) served by this line:

New Cumberland	117
Arroyo	8
Congo	2,439
Kenilworth	2
Newell	1,401
Chester	2,571

Total carloads generated by the line	6,538
Average carloads per week	125.7
Average carloads per mile	344.1
Average carloads per train	26.2
1973 operating information:	
Number of round trips per year	250
Estimated time per round trip (hours)	8
Locomotive horsepower	1,200
Train crew size	5

Information Provided by RSPO, Shippers, Government Agencies

No specific information concerning this line was provided at the hearings conducted by the Rail Services Planning Office as reflected in their reports entitled "The Public Response to the Secretary of Transportation's Rail Service Report".

Information for Line Retention Decision

Revenue received by PC.....	\$2,515,865
Average revenue per carload.....	\$385
Variable (avoidable) cost of continued service:	
Cost incurred on the branch line.....	353,743
Cost of upgrading branch line to FRA Class I (1/10 of total upgrading cost)	78,232
Cost incurred beyond the branch line..	1,739,214
Total variable (avoidable) cost.....	2,171,189
Net contribution (loss) : total.....	344,676
Average per carload.....	53

This line would require upgrading to meet the requirements of the Federal Railroad Administration's minimum safety standards (Class I track, which has a maximum safe operating speed of 10 m.p.h.). Based on available information, this upgrading would include the replacement of a total of 10,600 crossties (an average of 549 crossties per mile).

Recommendation

It is recommended that the New Cumberland Secondary Track be included in the ConRail System.

Lines Not Now Being Served

Line No.	Termini	Date last used	Reason	Line No.	Termini	Date last used	Reason
CANADA				MARYLAND			
PC				PC			
78A	Essex to McGregor	May 10, 1974	Due to track conditions.	155	East of Salisbury to Parsonburg	July 1, 1972	Lack of demand for service
CONNECTICUT				199	North of Frederick to Frederick	June 23, 1972	Flood Damage—"Agnes."
PC				MASSACHUSETTS			
4	Hazardville to E. Windsor	June 1, 1974	Lack of demand for service.	PC			
4	Stepney to Botsford Br. Near Botsford	Jan. 1, 1969	Lack of demand for service.	3	Riverside to Newton Lower Falls	May 30, 1972	Lack of demand for service.
4	CV Connection at Norwich	Jan. 1, 1964	Inadequate clearance.	MICHIGAN			
DELAWARE				PC			
PC				396	Hillsdale to Osseo	Sept. 15, 1973	Lack of demand for service.
28	Banks to Farnhurst	Jan. 1, 1960	Lack of demand for service.	448	Lansing Branch at Albion	Sept. 1, 1968	Lack of demand for service.
RDG				449	Lansing Branch at Eaton Rapids	Oct. 1972	Lack of demand for service.
98	Kentmere Junction to Kentmere	Jan. —1974	Flood damage "Agnes".	450	Lansing Branch at Lansing	Jan. 1, 1974	Industries relocated for Urban Renewal.
ILLINOIS				463C	Byron Center to Lamar	May 1, 1958	Lack of demand for service.
PC				530B	Cement City to Ackerson Lake	Oct. 1, 1971	Lack of demand for service.
47	Englewood to LaSalle St.	Jan. 1, 1969	PC merger.	606	18½ St. to Fort Street at Detroit (Ft. Street Union Depot Trackage Rights)	July 1, 1972	Lack of demand for service.
48	Chicago to Kankakee (ICG Trackage Rights)	May 1, 1971	Amtrak took passenger service.	NEW JERSEY			
61A	Frankfort to Joliet	Dec. 1973	CRI interlocking breakdown.	PC			
80	Litchfield to Hillsboro	Apr. 29, 1973	Washouts.	170	Penndel Branch #2 at Delair	Dec. 31, 1970	Lack of demand for service.
87A	Olmsted to Cairo	Mar. 28, 1973	Track washed out along Ohio River.	NEW YORK			
87C	Sahara Mine to Harco	Jan. 1, 1973	Depletion of coal reserves.	PC			
81A	Waynesville to Atlanta	Apr. 1973	Track washed out.	73	Schenectady to Hoffmans	Jan. 26, 1972	Amtrak trains rerouted.
87	Hickory Creek to Des Plaines St., Joliet	Dec. 1973	Damaged CRI interlocking.	74	Carman to Schenectady	Jan. 26, 1972	Amtrak trains rerouted.
INDIANA				77	Herkimer to Poland	May 30, 1972	Flood damage.
PC				94	Carthage Branch at Watertown	June 1, 1970	Lack of demand for service.
81A	Pleasant Lake to South of Angola	Jan. 1, 1969	Lack of demand for service.	136A	Campbell Hall to Montgomery (EL Trackage Rights)	Mar. 15, 1972	PC merger.
82	Nutwood to South Bend	Jan. 1, 1973	Lack of demand for service.	232	Penn Yan to Dresden	June 23, 1972	Flood damage—"Agnes."
83	South Bend Branch at South Bend	Jan. 1, 1971	Lack of demand for service.	245	Olean to Allegany	June 23, 1972	Flood damage—"Agnes."
83	Muncie Yard Running Track at Muncie	Nov. 1973	Lack of demand for service.	668	Highland to Poughkeepsie	May 1974	Bridge damage.
84	Muncie to Matthews	Nov. 1972	Lack of demand for service.	699	Buffalo to Black Rock (EL Trackage Rights)	1968	PC merger.
86	Snow Hill Branch West of Macksburg	Mid 1960's	Depletion of coal reserves.	LV			
87	Brookville to Connersville	Oct. 31, 1972	Track conditions; no patrons.	1001	Geneva to Rushville	Feb. 28, 1975	Track condition.
88	Columbus to North Vernon	Mar. 5, 1973	Track conditions; trackage rights on B&O.	OHIO			
81A	Greenwood to Cory	Jan. 1, 1970	Lack of demand for service.	PC			
85	Bicknell to Vincennes	Sept. 23, 1974	Bridge condition.	368	Dillonvale to Piney Fork	Jan. 1, 1970	Lack of demand for service.
83	Skelton to Evansville	Apr. 1, 1972	Lack of demand for service.	370	Magnolia to Dover	Sept. 30, 1970	Tunnel damage.
84	Speedway to Clermont	Jan. 1, 1969	Lack of demand for service.	381	"QD" to Fairhill Road	Dec. 31, 1972	Amtrak service discontinued.
88	Fort Wayne to Hugo (N&W Trackage Rights)	Mar. 1, 1968	PC merger.	382	Fairhill Road to Cleveland Union Terminal (N&W).	Dec. 31, 1972	Amtrak service discontinued.
84	At Rushville (N&W Trackage Rights)	Oct. 1, 1973	Abandonment of Anderson-Greensburg Sec. Track.	383	Cleveland Union Terminal	Dec. 31, 1972	Amtrak service discontinued.
78	Columbia City Sec. Trk. at Columbia City	July 1, 1969	Bridge washout.	384	West 25th Street to Clark	Dec. 31, 1972	Amtrak service discontinued.

Line No.	Terminal	Date last used	Reason
OHIO—continued			
PC			
385	LE & P Branch South of Marcy	Jan. 1, 1970	Lack of demand for service.
388A	Bellevue to Clyde	Sept. 1, 1970	Lack of demand for service.
475	Miami X-ing at Columbus to Union Depot	Mar. 7, 1973	Lack of demand for service.
487A	Johnstown to north of Granville	July 1, 1971	Flooding.
492	Crooksville to Fultonham	June 30, 1970	Tunnel condition.
499	Delaware to Scioto	1970	Lack of demand for service.
507A	Green Springs to Tiffin	Sept. 1, 1973	Lack of demand for service.
508	Tiffin to Berwick	Sept. 1, 1973	Lack of demand for service.
516A	Waynesville to Morrow	July 1, 1973	Lack of demand for service.
526	Dayton to Hempstead	Jan. 1, 1969	Lack of demand for service.
550	Hewitt to Savona	Sept. 1, 1973	Track & structure deficiencies, lack of demand for service.
552	Arcanum to Savona	Sept. 1, 1973	Track & structure deficiencies, lack of demand for service.
553	Hewitt to Glen Karn	Sept. 1, 1973	Lack of demand for service.

PENNSYLVANIA

PC

140	Wawa to Upland	Sept. 1971	Line washed out.
171	Commerce St. Branch at Philadelphia	Jan. 1, 1971	Lack of demand for service.
172	Church St. Siding at Philadelphia	Jan. 1, 1971	Lack of demand for service.
173	At Devault	1970	Lack of demand for service.
178	Lancaster to Quarryville	June 23, 1972	Flood Damage—"Agnes."
179	Conewago to Cornwall	June 1972	Flood Damage—"Agnes."
184	Elizabethville to Millersburg	June 23, 1972	Flood Damage—"Agnes."
189	Sagon Jct. to Terminus	Sept. 30, 1970	Coal mining activity ceased.
191	Nanticoke to Glenlyon	Aug. 20, 1971	Coal mining activity ceased.
200	Chambersburg to Waynesboro	Sept. 1971	Flooding and track conditions.
207	Reedsville to Milroy	Nov. 10, 1970	Track condition.
211	Lemont to Coburn	June 23, 1972	Flood Damage—"Agnes."
220	Lovett to Lloydell	June 23, 1972	Flood Damage—"Agnes."
221	Paint Creek Br. at Windber	Dec. 31, 1970	Lack of demand for service.
225	Watsonstown Sec. Track at Berwick	Jan. 1, 1973	Lack of demand for service.
226	Eyersgrove Jct. to Millville	June 1972	Lack of demand for service.
227	Antlers to Williamsport	May 1, 1971	Passenger service discontinued.
239	Lawrenceville to Blossburg (EL Trackage Rights)	Apr. 1952	Lack of demand for service.
342A	Mill Hall Ind. Track at McElhattan	Feb. 1, 1971	Left in place during previous abandonment for potential industrial park.
363	Curwensville to Falls Creek (B&O Trackage Rights)	July 25, 1964	Rerouting of coal traffic.
364	Curwensville to Clearfield (B&O)	1970	PC merger
367	Wallacetown to Bigler	Mar. 1, 1972	PC merger.
368	Viaduct to Grass Flat	June 30, 1971	Depletion of coal reserves.
374	Potts Run to Kellytown	Oct. 1970	Depletion of coal reserves.
378	Ednie Branch at Houtsdale	Jan. 1, 1969	Depletion of coal reserves.
386	Madera to Irvona	Jan. 1, 1969	Depletion of coal reserves.
387	LaJose Branch near LaJose	Jan. 1, 1973	Depletion of coal reserves.

Line No.	Terminal	Date last used	Reason
PENNSYLVANIA—continued			
PC			
299	Barnesboro to Terminus	Jan. 1, 1973	Lack of demand for service in coal mining area.
302	Coal Branch near Dixonville	Jan. 1, 1972	Lack of demand for service in coal mining area.
303	Price Run Industrial Trk near Dixonville	Jan. 1, 1969	Lack of demand for service.
304	Dixonville to Terminus	Jan. 1, 1969	Lack of demand for service.
339	Vance Mill Branch near Bute	Jan. 1, 1969	Lack of demand for service.
346	Sugar Crk. Br. near Tylerdale Jct.	Jan. 1, 1969	Lack of demand for service.
348a	Cherry Valley Ind. Tr. at Burgettstown	Jan. 1, 1969	Lack of demand for service.
357	Wilmington Jct. to New Wilmington	Sept. 17, 1973	Unsafe operating conditions.
360A	Linesville to Girard Jct.	Jan. 1, 1972	PC merger.
652	Punxsutawney to Mundorf	Apr. 1, 1974	Lack of demand for service.
654	Blandburg to Glasgow	Jan. 1, 1973	Depletion of coal reserves.
664A	Washington to Waynesburg	Jan. 1, 1960	Lack of demand for service.
704	Gardener Run Br. near Barnesboro	Jan. 1, 1973	Depletion of coal reserves.
705	Brockway to Hydes	Jan. 1, 1969	Lack of demand for service.
707	Sharpville to West Middlesex	Mar. 1, 1968	PC merger.

RDG

911	Carlisle Junction to Gettysburg Junction	June 1972	Flood damage—"Agnes."
913	Hummelstown to Middletown	June 1972	Flood damage—"Agnes."
941	Preston Branch	Mar. 1972	Flood damage—"Agnes."
942	Girard Mammoth Colliery Branch	Mar. 1972	Flood damage—"Agnes."
944	Reading & Columbia Branch	Mar. 1972	Flood damage—"Agnes."

LV

1004	Towanda to Dushore	1972	Flood damage—"Agnes."
1005	Montrose to Tunkhannock	1973	Track condition.
1006	Pink Ash Junction to Freeland	1972	Flood damage—"Agnes."
1010	Freemansburg to West Easton	1972	Lack of demand for service.
1011	Glen Onoko (Hetchel) to Nesquehoning Junction	1972	Track condition.

WEST VIRGINIA

PC

510	Quinwood to Marfrance	June 30, 1969	Depletion of coal reserves.
511	Beelick Knob to Terminus	June 30, 1966	Depletion of coal reserves.

INTERSTATE

PC

142	Wawa, Pa., to Coloma, Md.	Sept. 9, 1971	Washouts.
145	York, Pa., to Cockeysville, Md.	June 23, 1972	Flood damage—"Agnes."
217	Bedford, Pa., to Cumberland, Md.	June 23, 1972	Flood damage—"Agnes."
230	Williamsport, Pa., to Southport, N.Y.	June 23, 1972	Flood damage—"Agnes."
406	Whiting, Ind., to Calumet River, Ill.	June 1969	PC merger.

Recently Abandoned Lines

Line No.	Terminal	Abandonment effective date	ICC Docket No.	Line No.	Terminal	Abandonment effective date	ICC Docket No.
CONNECTICUT				MICHIGAN			
PC				PC			
6	Rocky Hill to North Cromwell	July 17, 1972	FD 26858	392	Adrian to Clayton	Oct. 15, 1973	AB-5-36
17	Waterbury to Watertown	June 1, 1973	FD 26561	397	Hilldale to North Adams	June 15, 1973	AB-5-35
21	Wilson Point Branch at South Norwalk	Jan. 6, 1973	FD 26778	403	Fort Wayne Junction to Bankers	June 15, 1973	AB-5-28
23	Putnam to Thompson	Oct. 1, 1969	FD 25390	405	Haires to Horton	June 15, 1973	AB-5-29
DELAWARE				431	3rd St. Freight Terminal at Detroit	June 1, 1972	AB-5-16
PC				432	3rd St. Freight House Branch at Detroit	July 1, 1972	AB-5-16
15	Rehoboth to Lewes	Oct. 28, 1972	AB-5-30	439	Colling to Bach	July 1, 1973	FD 26859
ILLINOIS				462	Parchment to Plainwell	Mar. 1, 1973	FD 26939
PC				468	Kalamazoo to South Haven	Oct. 15, 1973	FD 26896
69	Cummings Branch at South Chicago	Aug. 1, 1972	FD 26713	469	Grand Rapids Belt at Grand Rapids	Apr. 30, 1972	FD 26794
70	East Alton to Alton	Nov. 30, 1973	AB-5-69	471	Benton Harbor to St. Joseph	Mar. 1, 1973	FD 26565
88	Farrington to Paris	Dec. 1, 1972	FD 26562	474	Ypsilanti to Terminus	Oct. 18, 1969	FD 25687
94	Ledford to Terminus	Jan. 1, 1974	AB-5-77	NEW JERSEY			
INDIANA				PC			
PC				118	Middlebush to East Millstone	Oct. 1, 1973	AB-5-67
60	Waterloo to Pleasant Lake	June 15, 1973	AB-5-27	122	Freshold Sec. Trk. at Farmingdale	Dec. 14, 1973	FD 26807
61	SCS Railway #1 at Indiana Harbor	Aug. 1, 1972	FD 26563	129	Kinkora to Lewis	Dec. 1, 1973	FD 26735
64	Fort Wayne to Auburn Junction	Aug. 1, 1973	AB-5-26	NEW YORK			
61	Churubusco to Auburn Junction	Nov. 29, 1973	FD 26782	PC			
64	Culver to Plymouth	Oct. 1, 1973	AB-5-20	12	Post Road to Rensselaer	Aug. 1, 1973	AB-5-74
65	Plymouth to Nutwood	Dec. 15, 1973	AB-5-20, 23	65	Carmel to Putnam Junction	June 11, 1973	FD 26568
67	Macksville to Terminus	Dec. 1, 1972	FD 26734	75	Selkirk Yard to Terminus	June 15, 1972	FD 26884
69	Carthage to Greensburg	Oct. 15, 1973	FD 26862	78	Rensen to Lake Placid	Dec. 1972	FD 26567
80	Craig to Westport	Mar. 1, 1973	FD 26703	82	South Fort Plain to Ilion	July 17, 1972	FD 26568
81	Craig to Hope	Oct. 28, 1973	AB-5-15	83	West Shore Sec. Trk. at South Utica	Apr. 29, 1973	FD 26905
82	Flat Rock to Fenns	Dec. 1, 1972	FD 26811	91	Clayton to Philadelphia	Jan. 1972	FD 25953
82	Bushrod to Linton Summit	Apr. 1, 1973	AB-5-56	97	Canandaigua to Holcomb	May 1, 1973	FD 26940
89	Dewey to Gulon	Dec. 1, 1972	FD 26732	99	Batavia to Attica	Sept. 1, 1972	FD 26567
91	Gulon to Waveland	Oct. 6, 1973	AB-5-95, 96	113	Lackawanna to Wadsworth Junction	Aug. 1, 1973	AB-5-117
92	Crawfordsville to Frankfort	Nov. 30, 1969	FD 25036	114	Scottsville Yard to Wadsworth Junction	Jan. 19, 1970	FD 26147
		Oct. 6, 1973	FD 26732	115	Scottsville Yard to Wadsworth Junction	Oct. 1, 1973	FD 26147
				235	Owasco River Railway at Auburn	Apr. 29, 1973	FD 26575
				236	Seneca Castle to Phelps Junction	Sept. 1, 1973	FD 26938
				237	Phelps Junction to Newark	Sept. 1, 1973	FD 26938
				247	Stanley to Canandaigua	Aug. 21, 1972	FD 26994
				259	Blasdel to Brocton	May 31, 1973	FD 26566
					Fredonia to Falconer	Dec. 31, 1973	FD 26870
MARYLAND				LV			
PC				1019	Ithaca to Geneva Jct	Nov. 22, 1967	FD 24472
161	London Park to Catonsville	July 28, 1973	AB-5-88			Nov. 22, 1962	FD 21612
166	Pope Creek to Woodzell	June 10, 1973	AB-5-13	OHIO			
164	Parsonburg to Pittsville	Sept. 10, 1972	FD 26630	PC			
167	Berlin to West Ocean City (Operation Continued by short line)	July 19, 1974	FD 26630	350	Hill Track at East Liverpool	Nov. 27, 1973	FD 26608
MASSACHUSETTS				362	Canfield Branch at Youngstown	Nov. 1, 1972	AB-5-88
PC				363	Braceville to Newton Falls	Nov. 1, 1972	AB-5-37
1	Grand Junction Branch East of Chelsea Creek	Oct. 1, 1973	AB-5-143	364	Newton Falls to North Benton	Dec. 7, 1974	FD 26883
3	South Spencer to Spencer	June 1, 1972	FD 26878	366	Alliance Branch at Alliance	Sept. 1, 1973	FD 26865
4	Metcalfe to Milford	July 22, 1972	FD 26564	372	Dover to Farral	May 22, 1972	FD 26588
7	East Brookfield to North Brookfield	Dec. 7, 1972	FD 26963	379/479	Orrville to Holmesville	July 15, 1971	FD 25817
14	West Quincy Sec. Trk. Near West Quincy	July 4, 1973	AB-5-119	386	Sandusky Branch at Sandusky	Feb. 15, 1972	FD 26796
27	Welt Junction to Dighton	Oct. 22, 1971	FD 26641	390	Carrothers to Tiro	Aug. 1, 1972	FD 26588
				476	London to Lilly Chapel	Dec. 1, 1972	FD 26697
				484	Carey to Van Lue	Sept. 15, 1973	AB-5-103
				486	Bucyrus to Edison	May 14, 1970	FD 25925
				489	Hebron to Thurston	Sept. 15, 1973	AB-5-44

Line No.	Termini	Abandonment effective date	ICC Docket No.	Line No.	Termini	Abandonment effective date	ICC Docket No.
PENNSYLVANIA				PENNSYLVANIA—continued			
PC				PC			
184	Oxford Road Branch at Philadelphia	Dec. 1, 1973	AB-5-155	306	Donohoe to New Alexandria	Aug. 21, 1973	FD 26570
130	Lamokin Run Branch at Chester	Nov. 7, 1972	AB-5-8	307	Jamison Branch near Crabtree	Aug. 21, 1972	FD 26570
174	New Holland Sec. Trk. at Downingtown	Oct. 1, 1973	AB-5-125	308	Manor Branch near Manor	June 1, 1972	FD 26790
182	Steelton Canal Branch at Harrisburg	Jan. 12, 1973	FD 26798	309	Cereal to Terminus	Nov. 1, 1972	AB-5-33
183	Lykens to Elizabethville	Nov. 19, 1970	FD 26051	311	Turtle Creek Branch near Saltsburg	Aug. 21, 1972	FD 26570
187	Shamokin Sec. Trk. at Sunbury	June 15, 1973	AB-5-126	316	Indiana to Cummings	Sept. 1, 1973	AB-5-148
188	Brady to Terminus	Nov. 17, 1972	AB-5-18	317	Creekside to Coal Run	Dec. 15, 1973	AB-5-149
190	West Nanticoke Branch near Nanticoke	Nov. 15, 1972	AB-5-21	318	Saltsburg to Conemaugh M.L.	Nov. 27, 1973	AB-5-50
193	Millinburg to Coburn	July 14, 1970	FD 26023	319	Leechburg to Terminus	Nov. 1, 1973	AB-5-11
195	Schuylkill Haven to Pottsville	Oct. 1968	FD 25199	320	Boyer Run Branch near Youngwood	Nov. 1, 1973	AB-5-12
213	Covedale to Terminus	Feb. 1, 1972	FD 26798	321	Mammoth Branch near Youngwood	Nov. 27, 1973	FD 26798
215	Roaring Spring to Ore Hill	July 10, 1972	FD 26544	322	Bessemer Branch near Humphreys	Dec. 31, 1972	FD 26485
219	Vicinity of Portage	Aug. 1, 1972	FD 26570	323	Marguerite Branch near Marguerite	Dec. 31, 1971	FD 26485
222	South Fork Secondary Trk. at Ashtola	May 22, 1972	FD 26787	324	Whyl Branch near Yukon	May 20, 1971	FD 26485
223	East Vintondale to Terminus	May 22, 1972	FD 26860	325	Verona to Terminus	July 10, 1972	FD 26545
224	Ganister to Oreminea	Aug. 21, 1972	ED 26570	327	Homer City to Terminus	June 1, 1973	FD 26570
228	Upper Canal Branch at Williamsport	June 30, 1971	FD 26569	328	Youngwood to Terminus	Aug. 1, 1973	AB-5-42
240	Cowanesque Valley Jct. to Elkland	Aug. 21, 1972	FD 26569	329	Hutchinsons Mine to Cowansburg	Aug. 21, 1972	FD 26569
241	Rich Branch Connection to McElhattan	Dec. 1, 1972	AB-5-53	330	Hunter Run Branch near Yukon	Nov. 1, 1972	FD 26570
242	McElhattan to Lock Haven	Feb. 14, 1973	AB-5-54	332	Cowansburg to Gratztown	Nov. 1, 1972	AB-5-32
243	Mill Hall to Terminus	Sept. 1, 1973	AB-5-55	333	Everson & Broadford near Scottdale	Sept. 1, 1973	AB-5-141
244	Corryville to Smethport	Nov. 27, 1973	AB-5-86	334	Opossum Run Branch near McConnellsville	Sept. 1, 1973	AB-5-146
255	Glade to Big Bend	Dec. 1, 1972	FD 26807	336	Fairchance to Terminus	June 1, 1972	FD 26570
261	Brockway to Ridgway	Sept. 1, 1973	AB-5-39	340	Millsboro to Crucible	Sept. 1, 1973	FD 27237
262	Hydes to Terminus	Aug. 21, 1972	FD 26570	341	Cokeburg Branch near Cokeburg	July 10, 1972	FD 26544
265	Vail to Osceola Mills	Oct. 16, 1971	FD 26570	342	Ontario Branch near Cokeburg	June 1, 1972	FD 26570
266	Woodland to Field	Oct. 16, 1971	FD 26570	343	Bridgeville & McDonald Branch near Sygan	May 22, 1972	FD 26506
269	Graham #1 near Philipsburg	Mar. 7, 1972	FD 26787	345	West of Houston to Westland	Nov. 1, 1972	AB-5-31
270	Graham #2 near Philipsburg	Mar. 7, 1972	FD 26787	347	Burgettstown to Cherry Valley	Aug. 1, 1973	AB-5-45
271	Philipsburg Branch near Philipsburg	June 1, 1972	FD 26534	348	Langeloth to Studa	Aug. 1, 1973	AB-5-46
272	Loch Lomond to Philipsburg	Feb. 16, 1973	AB-5-72	349	Beaver Valley Running Trk. near Vanport	Aug. 1, 1973	AB-5-123
273	Dimeling to Wynn	Feb. 1, 1972	FD 26806	358	Mercer to Terminus	June 1, 1972	FD 26822
275	Kellytown to Carnwath	June 25, 1973	AB-5-63				
276	Mapleton #1 at Boynton	Oct. 16, 1971	FD 26570		RDG		
277	Junction Coal Run Branch to Terminus	Apr. 11, 1972	FD 26860	927	Lorberry Jet to Terminus	Jan. 17, 1966	FD 23514
279	Trout Run Branch at Osceola Mills	Oct. 16, 1971	FD 26570	928	Tremont to Terminus	July 29, 1966	FD 24163
280	Osceola Mills to Terminus	Feb. 16, 1973	AB-5-81				
281	Coal Run Junction to Terminus	May 22, 1972	FD 26797		RHODE ISLAND		
282	Madera to McCartney	Sept. 1, 1973	FD 26866		PC		
283	Amesville #1 & 2 at Houtzdale	Oct. 16, 1971	FD 26570	37	Warren to Bristol	May 9, 1973	AB-5-60
284	Smoke Run to Terminus	Oct. 16, 1971	FD 26570				
285	Banlan Junction to Terminus	Mar. 22, 1972	FD 26791		VIRGINIA		
288	McGees Junction to Mahaffey	Apr. 11, 1972	FD 26869		PC		
289	Canoe Creek Branch near Rossiter	Nov. 27, 1973	AB-5-89				
290	Punxsutawney to Terminus	Dec. 14, 1973	FD 26903	164	Cape Charles to Kiptopeke	Dec. 15, 1972	FD 26572
291	Mundorf to Fordham	May 22, 1972	FD 26795				
292	Garway to Hastings	May 22, 1972	FD 26866		INTERSTATE		
293	Patton #1 near Patton	Mar. 21, 1972	FD 26570		PC		
294	Patton #3 near Patton	Mar. 22, 1972	FD 26791	89	Ogdensburg, N.Y. to Prescott, Ont.	July 17, 1972	FD 26622
296	McCoy Run Branch near McGees	July 14, 1971	FD 26544	116	Greenville, N.J. to Bay Ridge, N.Y.	Nov. 3, 1971	FD 26015
297	Emigh Run Branch near Cherry Tree	Feb. 3, 1973	AB-5-83	351	Shippingport, Pa. to Chester, W. Va.	June 1, 1972	FD 26710
298	Porter Run Branch near Barnesboro	Aug. 21, 1972	FD 26570	359	Farrell, Ohio to Ferrona, Pa.	Sept. 1, 1973	AB-5-40
300	Luther Branch near Bakerton	Feb. 3, 1973	AB-5-83	411	Hammond, Ind. to Hegewisch, Ill.	Sept. 1, 1973	AB-5-14
301	Buck Run Branch near Clymer	Mar. 22, 1972	FD 26791				
305	Latrobe to Terminus	Dec. 15, 1972	AB-5-34				

ERRATA

Change last paragraph on page 645 to read:

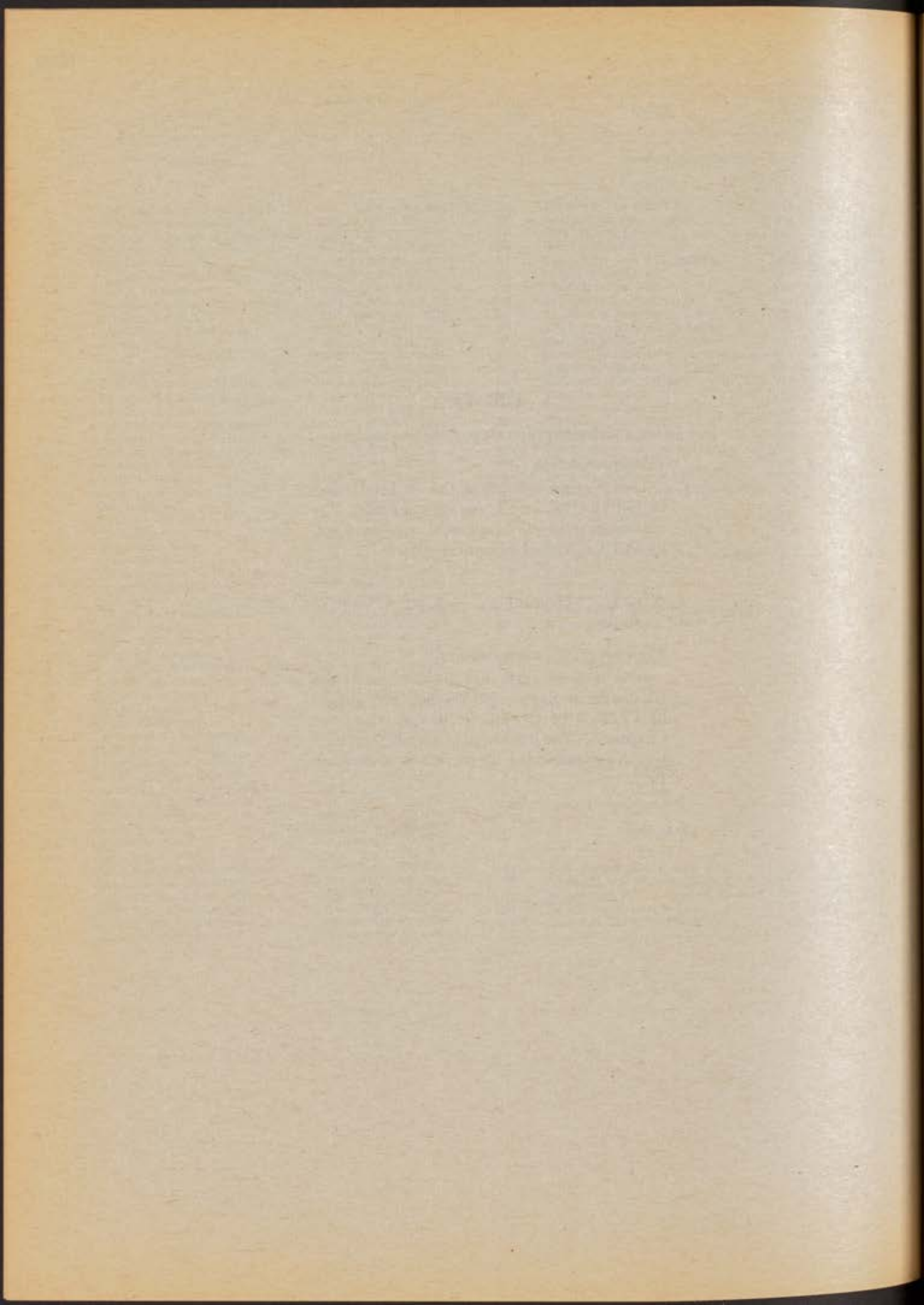
Recommendation

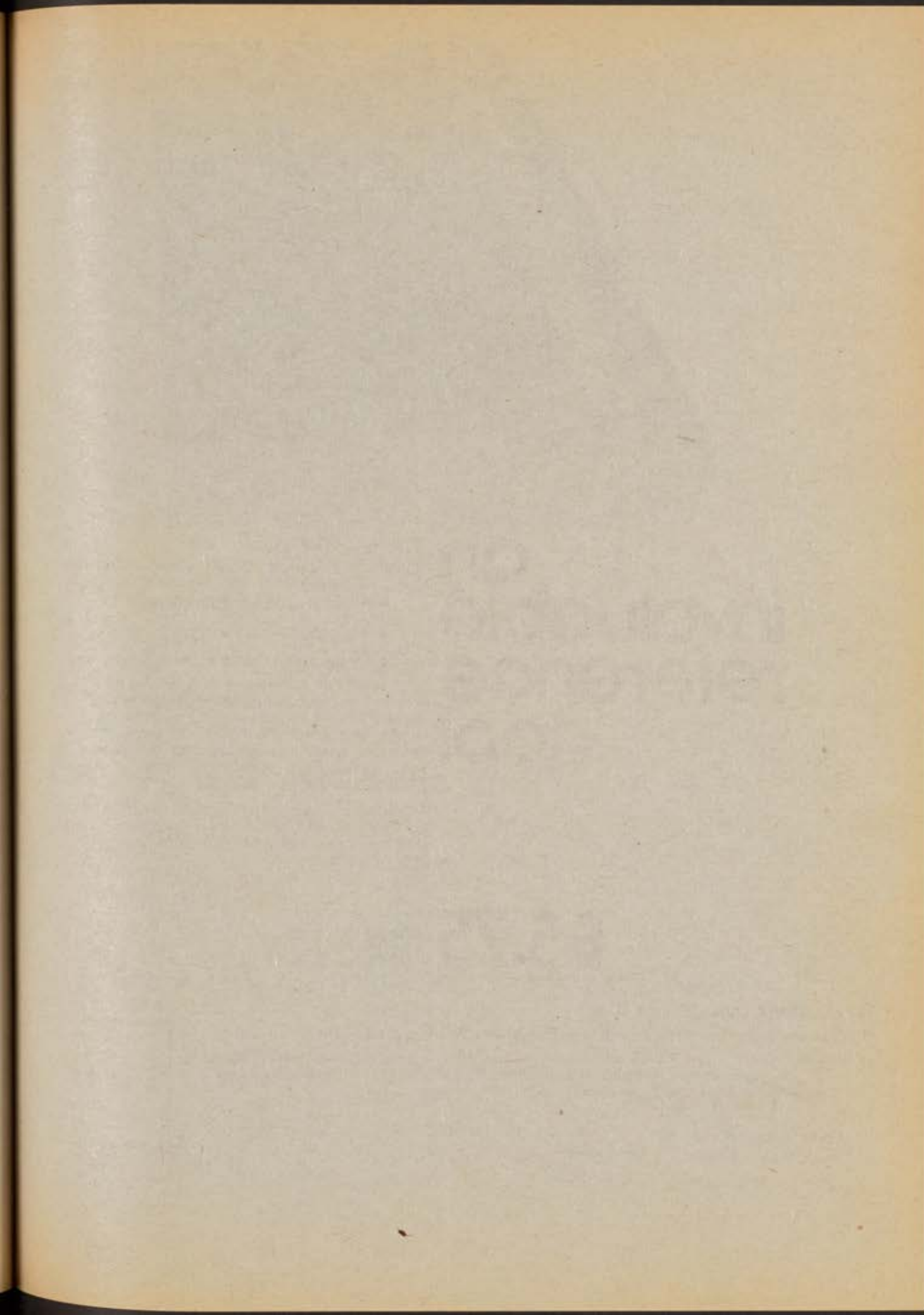
It is recommended that the Ithaca Branch served by CRC or EL (or its successor). The traffic figures above do not reflect the heavy volume of coal moved to Ludlowville, N.Y.

Change last paragraph in column 2 of page 653 to read as follows:

Preliminary Recommendation

It is recommended that the portion of the LV traffic at Sayre and Waverly be handled by ConRail or the EL or its successor (see Chapter 3). The line north to Van Etten Junction is recommended for service to reach Line 1017.







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